Performance and Production Review of the Department of Transportation

Fiscal Year 2002-2003

Florida Transportation Commission

FLORIDA TRANSPORTATION COMMISSION

Jeb Bush
Governor

September 22, 2003

Dear Governor Bush, Senate President King, and House Speaker Byrd,

At its public meeting on September 10, 2003, the Florida Transportation Commission conducted the *Performance and Production Review of the Department of Transportation for Fiscal Year 2002/03*. Secretary Abreu, all seven district secretaries and the Turnpike Enterprise Executive Director participated in the review.

This marks the thirteenth year the Commission has conducted this evaluation of the Department's performance. Fiscal Year 2002/03 was another exceptional year for the Department. The Commission uses 35 primary and secondary measures to evaluate the Department's performance. However, the focus is on the 19 *primary* measures, which are measures that assess major Departmental functions, measure an end product or outcome, and are, to the greatest extent possible, within the Department's control. The Department met or exceeded 18 of the 19 primary measures. The objective for bridge repair contracts is the only primary measure the Department failed to attain. The objective is to let to contract at least 95% of the planned projects. Of 125 projects in the plan, 113 bridge repair projects, or 90.4%, were let. However, in addition to the plan and much to the Department's credit, 29 bridge repair projects that were not in the plan were let during the year and nine projects planned for future fiscal years were advanced and let for a total of 151 bridge repair contracts being let.

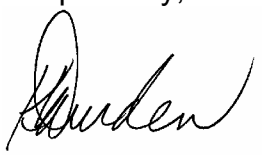
During FY 2002/03, the Department was successful in beginning construction on 349 lane miles of additional roadway to the State Highway System (SHS). It also let to contract 2,160 lane miles of roadway to be resurfaced on the SHS. The Department was successful in beginning construction on 151 bridge repair and 21 bridge replacement projects. Dollar commitments for public transportation capacity improvements, which include airports, seaports, bus transit, intermodal development and commuter assistance, totaled $202.4 million last year. By the end of the fiscal year, the Department closed out 475 construction projects with a dollar value of $1,522.0 million and let $1,524.8 million in new projects.

The Commission firmly believes that this performance evaluation process is working well. As areas of concern are recognized, data is gathered, causes are identified and

corrective actions are taken to improve performance. The end result is that the Department is improving the products and services it provides to the citizens of the State of Florida. Based on this assessment, the Florida Transportation Commission is confident the Department is managing its operations in an efficient and effective manner and is committed to meeting the needs of the traveling public and the business community.

We hope this report is meaningful and clear. A concise executive summary is provided in the Introduction section beginning on page three of the report. If you have any questions regarding this review, please do not hesitate to contact me or the Transportation Commission staff. Your comments would be welcomed.

Respectfully,



Earl Durden, Chairman
Florida Transportation Commission

PERFORMANCE & PRODUCTION REVIEW

OF THE DEPARTMENT OF TRANSPORTATION

Fiscal Year 2002-2003

September 10, 2003

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Florida Keys Scenic Highway.

Preface

The Florida Transportation Commission was established in 1987 by the Florida Legislature and is responsible for reviewing, evaluating, and monitoring the Florida Department of Transportation's policies, transportation systems, and budgets. The nine members of the Commission are appointed by the Governor to serve four-year terms. Commissioners must have private sector business managerial experience and must represent transportation needs of the state as a whole and may not place state needs subservient to those of any particular area. In the private sector, the Transportation Commission could be compared to a corporation's board of directors. A list of the current commissioners can be found inside the back cover of this report.

Purpose of this Report

The State of Florida, along with the rest of the nation, is facing a transportation crisis. The ability of the state highway system to meet its transportation capacity needs is no longer achievable in many urban areas. Over the next 10 years, in order just to maintain current conditions on the state highway system transportation needs are conservatively estimated to be $71.1 billion. Anticipated revenue is estimated at $48.4 billion, leaving a $22.7 billion shortfall. Therefore, it is generally understood that we will never be able to adequately address all of the state's transportation needs. In FY 2002/03, the State of Florida spent about $5.2 billion on transportation services and facilities – one of the largest taxpayer expenditures. Therefore, it is imperative that the Florida Department of Transportation uses the funds it has available in the most efficient and effective manner possible. It is the responsibility of the Florida Transportation Commission to ensure this occurs and to protect the state's transportation investment through oversight and performance evaluation.

In 1990, the Florida Legislature created s. 334.045, Florida Statutes, which directs the Transportation Commission to develop transportation performance and productivity measures. At the core of this performance assessment is public accountability, ensuring that taxpayer dollars are directed toward the development of tangible transportation products. Of equal importance is the assurance that the Department keeps its commitment to building the projects found in its Five Year Work Program, adhering to schedule and budget constraints.

The Transportation Commission was further charged with developing measures that are both quantitative and qualitative and, to the maximum extent possible, assessing those factors that are within the Department's control. After each annual evaluation, the Commission submits its findings to the Governor and the legislative transportation and appropriations committees. If the Commission finds that the Department failed to perform satisfactorily under the measures, it must recommend actions to be taken to improve performance.

This *Performance and Production Review of the Florida Department of Transportation* is an annual report produced by the Florida Transportation Commission that evaluates how effective the Department has been in addressing the transportation needs of our state through the implementation of its work program.

The performance measures presented in this report have been derived through years of effort by a cross-functional Working Group composed of representatives from the Transportation Commission, the Department, the transportation industry, and the citizens of Florida. Though the membership has changed over the years, this Working Group continues to meet on a periodic basis to address revisions to the performance measures process, based on

new and improved data and the changing dynamics of the transportation industry.

Blount Island, Port of Jacksonville.

Introduction

Florida's transportation system is the engine that drives the state's economy. The commercial exchange of goods and services and the movement of people are most efficient with a seamless, multi-modal, and intermodal transportation system. The economy depends on our roads, transit systems, railways, seaports, and airports, which provide businesses, residents and visitors with connections to each other and to the rest of the world.

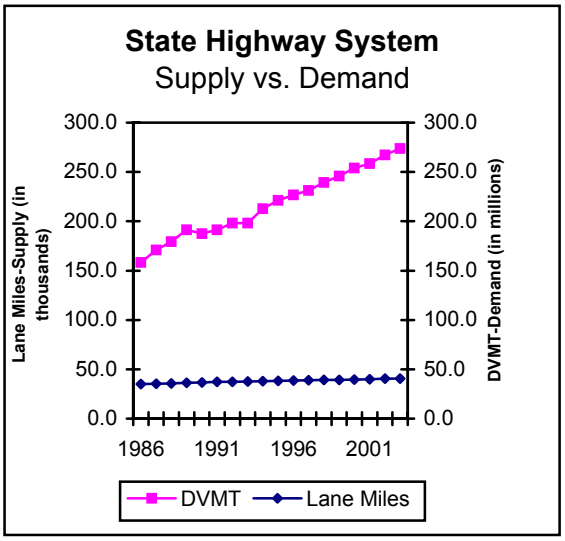
The quality and accessibility of the state's transportation system impact heavily on Florida's prospects for economic growth. The Department's $26.2 billion Five Year Work Program alone is expected to yield $118 billion in economic benefits over the next 18 years. Every dollar spent by the Department returns $5.50 to Florida's economy. Industries such as retail, construction, business services, restaurants, agriculture and professional services, among others, are highly dependent upon and benefit from a sound transportation system. They rely on transportation for timely delivery of materials and products and for access to labor, markets, and customers.

Overview of Performance

During these times of limited public resources, practicing good business sense in maximizing the return on investments (getting the most "bang for its buck") is essential. The Department's overall performance this past year was exceptional and continues a long-standing positive trend. There are 33 performance measures with stated objectives the Commission uses to evaluate the Department's performance. During FY 2002/03, the Department met or exceeded 27 of those measures. Based on this assessment, the Florida Transportation Commission is confident the Department is managing its operations in an efficient and effective manner and is committed to meeting the needs of the traveling public and the business community.

During FY 2002/03, the Florida Department of Transportation (FDOT) was successful in beginning construction on 349 lane miles of additional roadway to the State Highway System (SHS) (an increase of less than 1.0 percent). However, demand on the system, Daily Vehicle Miles Traveled (DVMT), increased by 6.4 million miles (an increase of 2.4 percent). In other words, demand continues to outpace the supply of roads (see Figure 1). The Department also let to contract 2,160 lane miles of roadway to be resurfaced on the SHS.

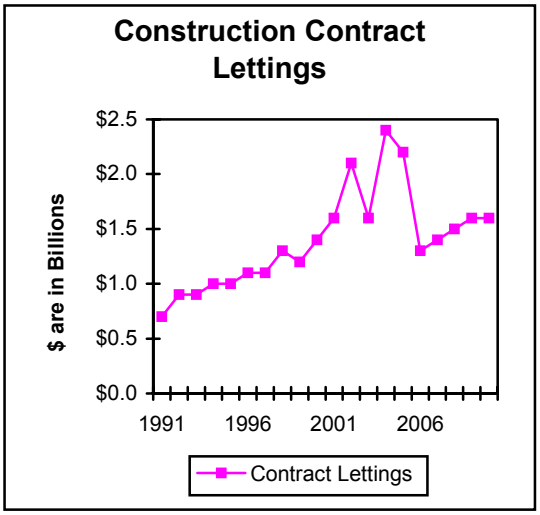
Figure 1



The Department let to contract 151 bridge repair and 21 bridge replacement projects. Dollar commitments for public transportation capacity improvements, which include airports, seaports, bus transit, intermodal development and commuter assistance, totaled $202.4 million last year. By the end of the fiscal year, the Department closed out 475 construction projects with a dollar value of $1,522.0 million and let $1,524.8 million in new projects, which is $571.7 million less than last year's record of $2,096.5 million. However, last year's record amount included $564.4 million in added contracts from the Governor's Economic Stimulus Package.

The state's investment in its transportation infrastructure has increased significantly over the years, growing from $657.9 million in FY 1990/91 to last year's record of $2,096.5 million (see Figure 2 below). Transportation investment is expected to increase to another record level in FY 2003/04 before dropping back off again. However, it is estimated there is still a $29 billion shortfall through 2020 in meeting the state's transportation needs on just the Florida Intrastate Highway System (FIHS) portion of the State Highway System. The FIHS is composed of Florida's key interstate, intercity and interregional highways. The Department does not have the resources to address this shortfall and can only strive to keep from falling farther behind.

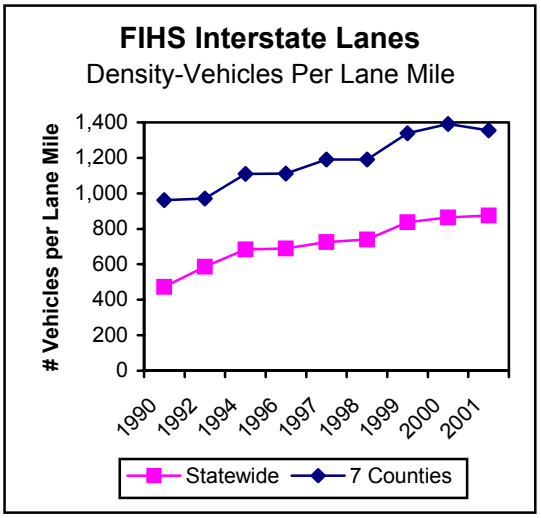
Figure 2



Along with the rest of the country, Floridians love their personal freedom and their automobiles. Congestion levels continue to increase with no end in sight, especially in our metropolitan areas, as is evidenced by the following charts on mobility.

The next chart (Figure 3) illustrates the growth in the number of vehicles per lane mile during the peak hour of travel (5:00 pm to 6:00 pm) on the interstate portion of the FIHS and also on the interstates within the seven largest counties in population (Miami-Dade, Broward, Palm Beach, Orange, Hillsborough, Pinellas, and Duval). Since 1990, congestion has increased 85.3 percent on the entire interstate system and 40.9 percent on the interstates within the seven largest counties. However, there is some good news to report. Congestion levels actually dropped slightly in the seven largest counties in 2001. Whether this is an effect of more lane miles being added to the system in metropolitan areas or other factors such as driver reaction to congestion by spreading out peak travel beyond the 5:00 pm to 6:00 pm time frame is yet to be determined.

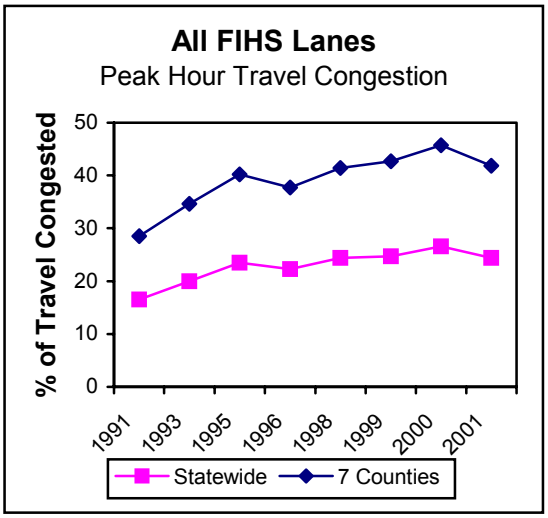
Figure 3



Note: Only even year data is available from 1990 to 1996.

Not only has the number of vehicles on the roadway increased over the years, but also the percentage of our travel time that is spent in congested conditions. In most metropolitan areas in the state, there is no "rush hour" anymore. What used to be known as rush hour has now extended well beyond an hour in duration. The next chart (Figure 4) illustrates the increase in congestion during the peak hour of travel. It shows that on the interstates in the seven largest metropolitan areas the percentage of time we spend driving in congested conditions has increased by over 46.7 percent since 1991. There has been a corresponding increase of 47.9 percent on the FIHS statewide.

Figure 4



Note: Data is not available for some years.

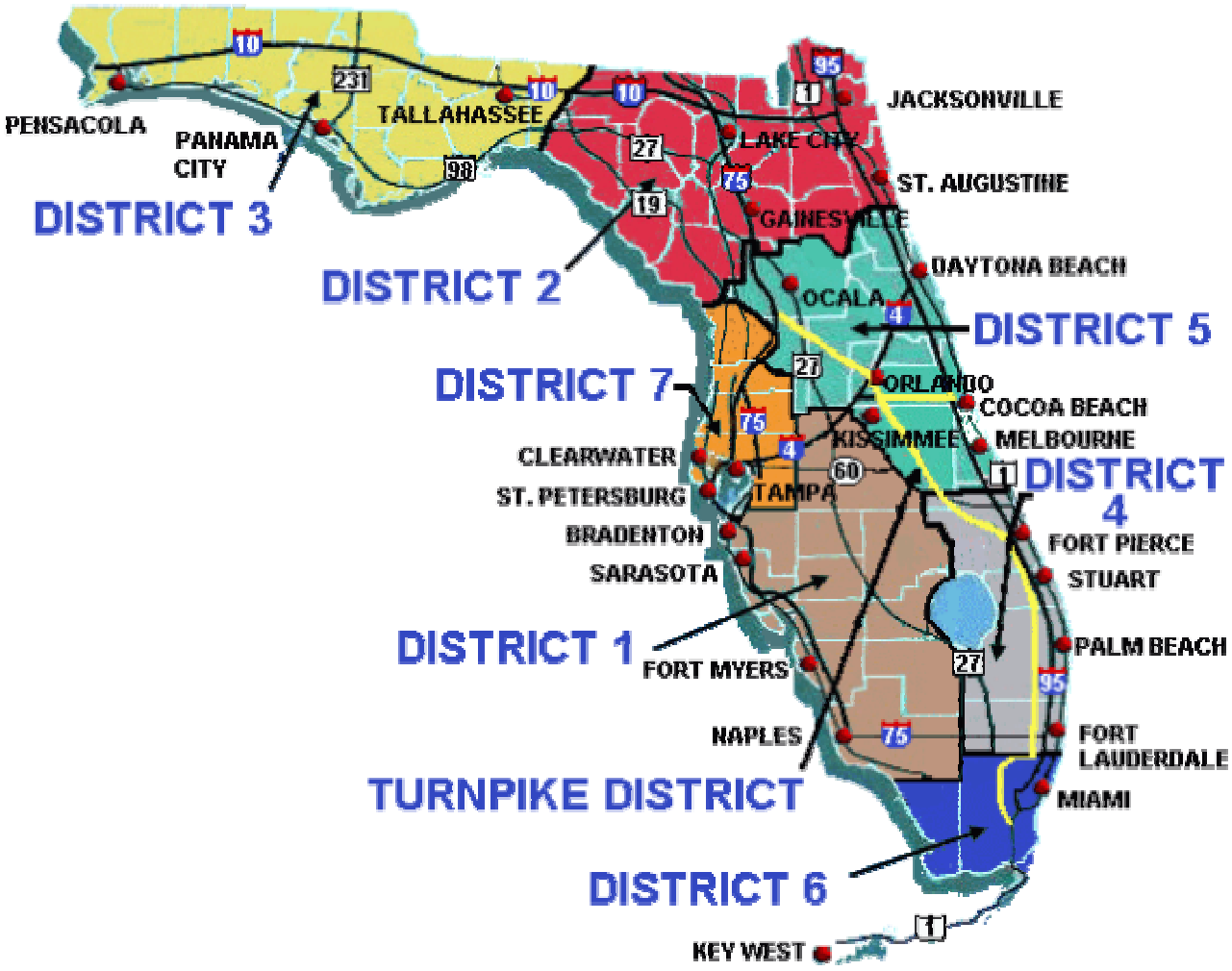
Two years after the September 11th terrorist attacks, the impacts to our transportation system are still being felt; especially in the airline industry where new security measures have greatly impacted the traveling public. However, passenger counts at Florida's commercial airports are approaching levels comparable to counts prior to September 11th and, in some cases, even exceeding them. The SHS appears to have been the benefactor to those people seeking alternatives to air travel. The Daily Vehicle Miles Traveled on the SHS increased for the year to another record level of 273.7 million miles.

As you can see from the information presented, addressing the state's transportation needs is a formidable task. However, it is a task that must be undertaken with diligence if Florida is to maintain its economic strength. The Florida Transportation Commission, through its oversight responsibility and by charting a new course of seeking alternative funding mechanisms, will ensure that the Department of Transportation continues to address the state's needs both effectively and efficiently.

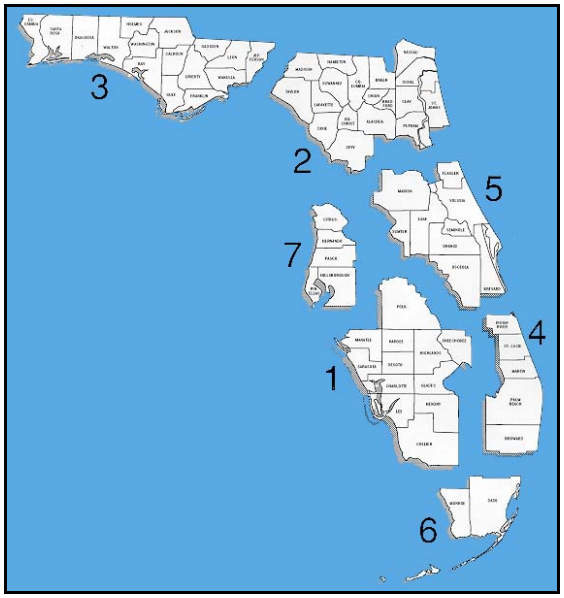
HARTline Marion Transit Station.

FDOT Statewide and District Challenges and Accomplishments

Florida Department of Transportation District Map



STATEWIDE
Challenges and Accomplishments



Overview of the State: Florida, with a population of approximately 17 million residents, covers an area of 59,928 square miles, representing 67 counties. The State Highway System (SHS) is composed of 40,696 lane miles with 6,377 bridges. There are 26 public transit systems; 743 active aviation facilities, 131 of which are open to the public with 26 offering commercial service; 2,871 railway miles; and 14 deep-water ports.

Challenges

Demand. Current trends show that economic activity and transportation demand in Florida will continue to grow even faster than the population over the next two decades. By 2020, Florida's transportation system will need to serve a projected population of 21 million residents, 110 million visitors annually, and a monumental increase in freight movement. Vehicle miles of travel are expected to increase about 60 percent, transit trips by 40 percent, and air travel will more than double.

State Funding. The General Revenue Estimating Conference's projected revenues for FY 2003/04 continued to decline based on a lower forecast in sales tax revenues. Transportation revenue streams, however, have remained strong and the Governor and Legislature requested assistance from the department in addressing a difficult budget situation.

The Legislature suspended funding of some non-mission critical programs, and reduced Public Transportation funding by $30 million, to provide for a transfer of $200 million in FY 2003/04 from the State Transportation Trust Fund to the General Revenue Fund. The programs that were not funded for FY 2003/04 included: the Transportation Outreach Program, Small County Road Assistance Program, Highway Beautification Grants, and one-half of the annual transfer to the Office of Tourism, Trade and Economic Development.

Federal Funding. The Transportation Equity Act for the 21st Century (TEA-21) expires September 30th. The next federal surface transportation bill traditionally sets the highway and transit funding levels and programs for the next six years. Florida is a "donor" state. That means the state only gets about 86 cents back on every dollar it sends to Washington for highways. The numbers are even worse when you look at transit funding with a rate of return of about 68 cents on the dollar.

Nowhere is the rate of return lower than from the Federal Transit Administration's New Starts Program, which funds major urban rail projects and dedicated busway systems and extensions throughout the nation. In federal FY 2003, Florida received $29 million in New Starts dollars statewide. By comparison, California received $224 million for rail and busway projects. Similarly, over the life of TEA-21, Florida received less New Starts dollars than 14 other states. Florida's contribution to the national New Starts

program is 5.2 percent, while its return is only 2.3 percent.

Safety. Highway safety is another big challenge Florida faces. In 2001, Florida's highway fatality rate was higher than the five other most populous states and higher than the nation as a whole. In 2002, Florida's fatality rate was 1.57 and the national fatality rate was 1.35 per 100 million vehicle miles traveled.

Accomplishments

Production. The department had a great production year for FY 2002/03. Public Transportation ended the year committing $202.4 million in capacity improvements, exceeding their target by almost $50 million. The Consultant Acquisition Plan (preliminary engineering, right of way, design and construction engineering inspection contracts) finished the year executing 539 contracts - 23 more than the original plan. This plan committed $504.2 million in Consultant Services directly related to road and bridge projects. The department let to construction 511 projects with a value of $1.5 billion. Six of the eight district offices had a 100 percent delivery rate.

Contractor Quality Control. The implementation of the Contractor Quality Control specification is a major accomplishment for the Department. Florida is the leading state in implementing a specification that uses contractor testing in all phases of construction. This specification allows for the reduction of routine tasks by Department personnel and a greater focus on quality of construction products. It also encourages increased awareness and responsibility on the part of the contractor to control the quality of the final product.

Minority Business Enterprise. The Department continued its outstanding efforts to increase its total spending with minority-owned companies during FY 2002/03. The performance exceeded 114 percent of the prior year's total, with more than $277 million going to both certified and non-certified minority firms. The majority of this, almost $192 million, went to minority-owned construction contractors.

2003 Legislative Package. Senate Bill 676 reorganizes the Department, adds safety enforcement provisions to the Office of Motor Carrier Compliance, and establishes the Strategic Intermodal System (SIS). The Department has begun to develop an initial SIS Strategic Plan based on this legislation. This plan will include: maps and lists of facilities and services; a compilation of planned and programmed projects; a compilation of unfunded needs; a recommended prioritization process; and a recommended finance plan. Another piece of legislation, Senate Bill 24-A, provided additional financial capabilities, allowing increased use of toll facility revenue, increasing the Turnpike bond cap, and bonding the State Infrastructure Bank.

Strategic Highway Safety Plan. In February 2003, the Department adopted a Strategic Highway Safety Plan (SHSP). The plan provides focus and direction for the Department's safety efforts over the next 3-5 years, with the primary goal of reducing fatalities and serious injuries from traffic crashes on public roads in Florida.

"95% Florida's Fair Share." Led by the Florida Transportation Commission (FTC) Chairman Earl Durden and FDOT Secretary José Abreu, more than forty business, economic development, transportation industry, and government leaders took part in a Washington Fly-In on TEA-21 Reauthorization in early June 2003. The group urged Florida's Congressional delegation to maximize the return of federal funding to the state. They emphasized the state's **95% Florida's Fair Share** campaign to raise the return from the current 86 cents on the dollar to 95 cents. If Florida had received a 95 percent rate of return from 1992

through 2002, the state would have received $1.4 billion more.

Secretary's Transit Plan. Secretary Abreu has recognized the severity of the inequity in federal funding for transit and has developed a plan to ensure maximum inclusion of Florida projects in transportation reauthorization and federal New Starts allocations during the next federal transportation act.

Intelligent Transportation Systems (ITS). The Department has adopted a Ten-Year ITS Cost Feasible Plan that includes $496 million in funding for statewide deployment of ITS systems on the limited-access Florida Intrastate Highway System (FIHS). In addition, the Department was awarded a $10 million federal grant that will allow the state to expand an innovative transportation information model. The "*iFlorida"* project will produce real-time results in moving people and goods quicker, safer and more efficiently across the state.

E-Procurement. The Department was the largest of three agencies selected to be pilot agencies for the July 1, 2003 implementation of the state's MyFlorida MarketPlace system. This system represented the state's first effort to include the requisition, receiving and payment actions in one automated system.

People First. The People First initiative was the first effort by any state to outsource a state government's Human Resources (HR) activities. The Department's HR staff will continue to be at the forefront of user acceptance testing of the remaining modules of the system and in expressing HR needs and practices.

Motor Carrier Compliance Office Accreditation. MCCO is poised to reach an important milestone in its history. The office completed and passed its onsite accreditation assessment. Formal accreditation is expected in the fall of 2003.

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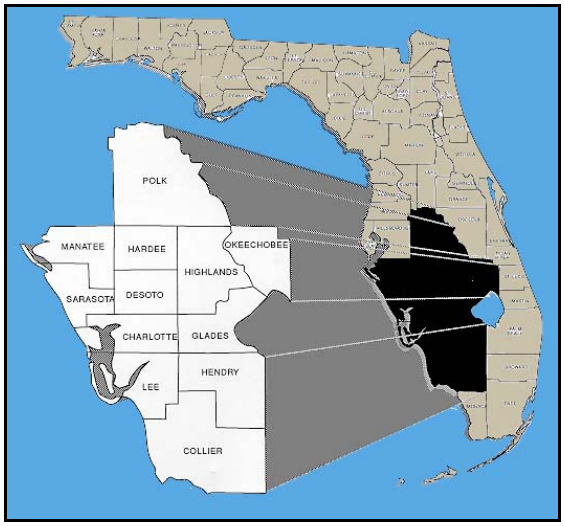
DISTRICT ONE
Challenges and Accomplishments



Overview of District: District One, with a population of approximately 2.3 million residents, covers an area of 11,629 square miles, representing 12 counties in Southwestern Florida. The State Highway System (SHS) in the District is composed of 5,837 lane miles with 907 fixed bridges and 19 movable bridges. There are four major transit authorities, 134 public and private airports, three of which offer commercial service, four major rail lines and one deep-water port.

Challenges

Ever wonder what Wile E. Coyote would have done with Roadrunner if he had ever caught him? District One was faced with a similar challenge this year. Last year, we went after – and got – funding for 17 additional projects through the Governor's Economic Stimulus program. The challenge this year: handling those projects now that they're funded

Meeting that challenge has created a new one. As a result of Economic Stimulus, our shelf of construction-ready projects was nearly wiped out. We let 82 projects during the year with a total dollar value of $213.1 million. This year, we expect to let 58 projects with a total dollar value of $127.4 million. We're now concentrating on rebuilding that shelf so that when additional funding opportunities become available, we'll be ready with more projects.

Being a part of a rapidly-growing state can be a mixed blessing. Although those new businesses and residents are driving economic growth, they're also driving a need for increased infrastructure. For example, our projections show Interstate 75 will need to be widened to the ultimate, 10-lane configuration in portions of Lee and Collier counties shortly after the six-laning is completed. Our challenge is to find ways to get funding to keep up with the growth to avoid gridlock on our highways.

District One also continues to face environmental hurdles. The planned widening of SR 80 through Hendry County is replete with environmental issues that must be handled sensitively. The project area is habitat for panthers and other protected species.

Accomplishments

Remember that Wile E. Coyote/ Roadrunner comparison? Once our District caught the "Roadrunner," we were faced with handling it. We're overseeing a record $725 million in projects currently under construction, the largest program District One has ever managed. Despite a record dollar volume of work under contract, construction's key performance measures of time and cost overruns continue their downward trend. Among the ways those impressive numbers have been accomplished are improved plans, the successful implementation of better and more efficient project management, the new Contractor Quality Control program, establishment of the Rural Residency Office, and revisions made to the Consultant CEI Grading System.

We have successfully adapted to the demands of these projects through our innovative use of consultant CEI contracts. Our consultant Rural Residency continues to manage the majority of the projects in our rural counties. This contract has proven to be an effective management tool, since our consultant can more effectively increase and decrease staff size based on project requirements. Additionally, we have assimilated the continuing demands of position reductions in the Department through the use of consultant contracts. Because of this, many of our in-house project administrators have become construction project managers.

With an unprecedented amount of construction underway, highways across our District are dotted with construction barrels, heavy equipment and construction workers, as the public begins to see the results of the Economic Stimulus dollars and other financing being used to increase capacity on the roads. Among the more noticeable projects underway is the Interstate 4 six-laning in Polk County. Other significant projects on schedule for completion this year include the I-75/Peace River design-build project in Charlotte County, and the Ringling Bridge design-build project in Sarasota County. Through an increased focus on public involvement, we are making sure motorists are informed about these projects and their associated impacts on traffic.

Design has begun for the six-laning of I-75 in Lee and Collier counties, a project that was advanced through Mobility 2000. Construction activity is underway from eastern Lee County through western Hendry County to complete four-laning State Road 80 between Fort Myers and Labelle.

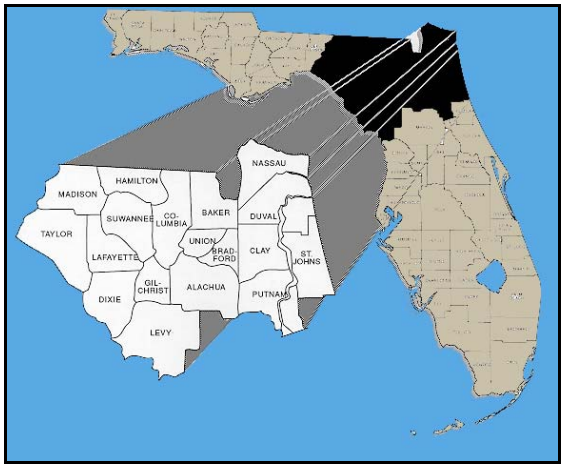
Project Development and Environment studies are underway on several major projects, including I-75 in southern Sarasota County, the Upper Manatee River Road project in eastern Manatee County, and US 98 in Polk County. A PD&E was recently completed on I-75 in Lee and Collier counties. Additionally, a PD&E study has been advanced by Hendry County and is getting underway for four-laning State Road 80 from east of Labelle to US 27. Multi-laning the road in this area is Hendry County's top priority.

In Public Transportation, we are coordinating with the Southwest Florida International Airport on its project to build a terminal and enhance access to the airport. Lakeland-Linder Regional Airport completed a project to resurface, widen, and realign portions of their airfield taxiway network. This $2 million project will provide for safer and more efficient aircraft movement, especially during the annual Sun 'N Fun Fly-In, which generates about 50,000 aircraft operations and nearly $35 million in revenue to the area during the weeklong event.

The Anna Maria Island Trolley completed a very successful inaugural year. Operated by the Manatee County Area Transit, three trolleys run seven days a week. Ridership averaged 925 per day, or 335,283 for the year. That represents 241% of the ridership goal for the first year. The trolley operates on a constrained, congested corridor.

Emerging as one of District One’s greatest accomplishments for the year is the reorganization of the resident offices into Operations Centers. The challenge of getting our Operations Centers running has been a huge undertaking. Construction and Maintenance have completed the first step, working to develop an implementation plan and schedule. Already, we’ve seen the benefit of increased communication between the two departments. We look forward to these changes through the establishment of those Operations Centers, to allow the District to serve the public more efficiently.

DISTRICT TWO
Challenges and Accomplishments



Overview of District: District Two, with approximately 1.7 million residents, covers an area of 11,865 square miles, representing 18 counties in Northeastern Florida. The State Highway System (SHS) in the District is composed of 7,877 lane miles with 1,077 fixed bridges and nine movable bridges. There are two major transit authorities, 144 public and private airports, two of which offer commercial service, three major rail lines and two deep-water ports.

Challenges

The two most important transportation challenges for District Two are to provide for the fast developing First Coast Communities which encompasses Nassau, Duval, Clay, St. Johns and Baker Counties, while at the same time providing for through traffic enroute to and from the rest of Florida. I-95 and I-75 along with U.S. 301 provide for much of the north-south tourist and commercial traffic with I-10 linking the north-south corridors and bringing traffic to and from Florida's Panhandle. The Florida Intrastate Highway System (FIHS) in District Two accommodates the local and regional traffic movements as well as the statewide and through traffic movements.

Other important challenges facing District Two include completing the construction of additional lanes on FIHS corridors on a timely basis so that northeast Florida can maintain an effective and continuous transportation network.

Completion of the environmental and engineering studies to locate a major crossing of the St. Johns River in northern Clay and St. Johns Counties are key to the future of regional mobility. This will include Branan Field Chaffee and its extension to provide an additional limited access route between I-10 and I-95 south of Jacksonville.

Also important for the FIHS system is the completion of environmental and engineering studies for a US 301 by-pass of Starke and a SR 26 by-pass of Newberry. Both towns are concerned with growing FIHS traffic through their community.

District Two will begin construction in FY 2003/04 on the rehabilitation of the historic Bridge of Lions in St. Augustine. This will conclude 13 years of environmental, planning, and engineering studies. Considerable support for a replacement continues, but District Two is moving forward with the rehabilitation project, which was the outcome of these extensive studies and public involvement processes.

Construction of the I-95 Fuller Warren Bridge in downtown Jacksonville, which is now open to traffic, has not been finalized due to issues with demolition of the old bridge. This project replaced the old four-lane bridge with a new eight-lane I-95 bridge. Demolition of the old bridge has not been completed.

There are many Jacksonville area projects now underway, and the District is working to prepare for the Super Bowl in Jacksonville in February 2005. The community is working hard to ensure that visitors will get a very positive impression

of Jacksonville during this event, which is the first of this magnitude and exposure in Jacksonville.

Accomplishments

Progress has been made on numerous projects and initiatives in District Two

The six-laning of I-95 from the Georgia state line south through Nassau, Duval and St. Johns Counties is well underway. Two additional travel lanes have been constructed that provide a six-lane roadway from I-295 north to the Georgia state line. In Duval County, I-95 is six-laned or greater except between Lem Turner Road and the I-295 north interchange. Design and right of way are completed for this four-lane segment, but construction funding is not yet available. The south I-95/I-295/9A interchange is under construction in southern Duval County. I-95 throughout St. Johns County is currently under construction adding two travel lanes to the existing four lanes.

Progress on SR 9A, the eastern expressway loop around Jacksonville, continues. The segment from J. Turner Butler Expressway to Beach Boulevard was let to contract this past July. The remaining section to be let is the J. Turner Butler and SR 9A interchange, which is scheduled for a May 2004 letting. With the completion of SR 9A, the Jacksonville Metropolitan area will have another north-south interstate facility that bridges the St. Johns River.

SR 200/US 301 is another north-south corridor on the FIHS in Duval and Nassau Counties. The plan is to widen the existing two-lane arterial between I-10 in Duval County and I-95 in Nassau County to four lanes in five planned construction segments. One is let to contract and two are scheduled for letting in FY 2006/07. The remaining two construction segments are not funded for construction, but design and right of way acquisition are in progress.

The section of SR 500 (US 27A/US 27) in Levy County, also on the FIHS, is currently under construction to be widened from two-lanes to four-lanes with the last segment let to contract in July 2002.

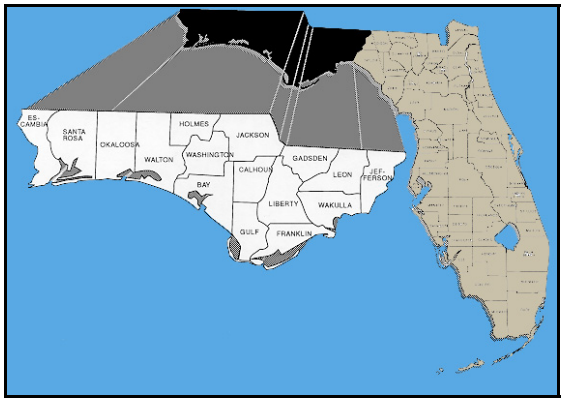
There have been milestones reached in the four-laning of SR 26, SR 20 and SR 207 east-west arterial FIHS corridor from U.S. 19 to I-95. There are many remaining challenges such as rural and urban roadway transitions, historic districts and buildings, and environmental wetlands. An environmental study is scheduled in the work program for SR 26 from US 19 to Newberry. The last segment of four-laning from Newberry to Gainesville is currently under construction.

On the east side of Gainesville, the four-laning of SR 20 is under construction to US 301. From US 301 to Interlachen an environmental study is underway and expected to be completed soon. The four-laning from Interlachen to Palatka is currently under construction except for one remaining segment east of Interlachen, which will be let in FY 2004/05.

The four-laning of the remaining section of SR 207 from Palatka to St. Augustine is currently under construction. This will give Palatka a much-needed four-lane arterial highway with direct access to I-95.

The new urbanized area of St. Augustine established as a result of the 2000 Census will be consolidating with the First Coast Metropolitan Planning Organization (MPO) to create a regional MPO in Northeast Florida.

DISTRICT THREE
Challenges and Accomplishments



Overview of District: District Three, with a population of approximately 1.3 million residents, covers an area of 11,378 square miles, representing 16 counties in Florida's Panhandle. The State Highway System (SHS) in the District is composed of 6,457 lane miles with 867 fixed bridges. There are four urban transit systems and a transportation disadvantaged board in each of the 16 counties. These boards coordinate and/or provide transportation for the disadvantaged and many of them also operate fixed route service for rural public transportation. There are 80 public and private airports, four of which offer commercial service, four major rail lines and three deep-water ports.

Challenges

A multitude of challenges face District Three in the coming future. Rapid growth in northwest Florida is requiring the District to reassess the current transportation infrastructure and the increasing needs created by this development. Major landholders are modifying their corporate focus and transitioning into land development, which will have distinct impacts and challenges in order for District Three to provide the framework necessary to sustain this growth.

Presently, the District is providing funds through the Transportation Outreach Program (TOP) to Opportunity Florida to develop a new roadway section on U.S. 98 in Gulf County. This moves the existing road off the coast to an inland area with less risk during a storm.

The construction of the I-10/I-110 Interchange and reconstruction as well as other projects in Escambia County will present public involvement/information challenges for the District during the next four years. Due to the nature of the I-10 and I-110 corridors and the volumes of traffic they carry, the District had to examine all other projects in the region and coordinate these activities via one Construction, Engineering and Inspection (CEI) contract. Additionally, we have grouped major projects in this region into this CEI contract in an effort to better serve the public and provide more effective public information service.

The District is actively working to initiate the Efficient Transportation Decision Making (ETDM) Process for all major transportation projects. This will involve far greater involvement by other state and federal agencies that have entered into a Memorandum of Understanding with the Department. The objectives of the new process include effective/timely decision making without compromising environmental quality, integrating the review and permitting processes, and participation by the involved agencies. In addition, mitigation costs for impacts to wetlands continue to increase as the "per acre" cost rises each year based on the inflation rate.

Accomplishments

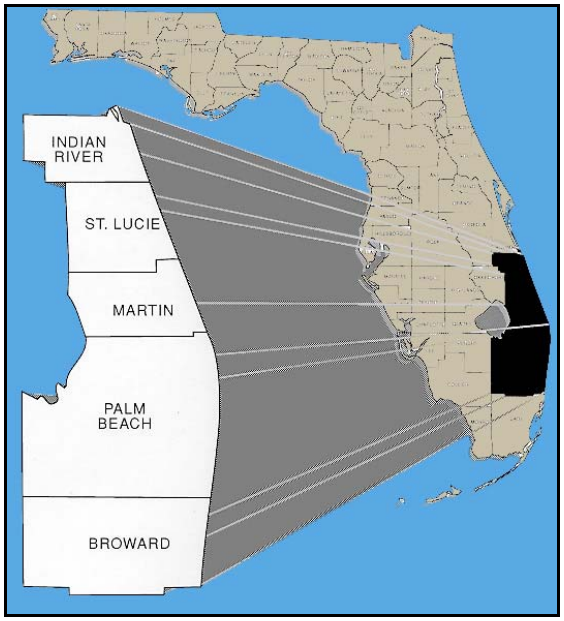
District Three achieved many successes this past fiscal year, which included accomplishing 100% of all scheduled lettings totaling approximately $139 million. Further, the District successfully let 10 additional projects with a construction cost of approximately $17 million, and continues to attain new

heights of success in right-of-way parcel production.

Presently, preliminary work is underway to relocate the Bay County-Panama City Airport. This relocation is needed for airport expansion and future growth especially along our coastal region. In addition, construction on the Thomas Drive fly-over project is well underway. Improvements on Capital Circle Southeast in Leon County are being built with local funds, and construction was let in March 2003. Further, improvements on Crawfordville Highway were also advanced with local funds, and construction was let in June 2003. These advancements will serve the District well in its commitment to provide the infrastructure necessary to sustain the demands on its transportation network. Additionally, the District has begun project development and environmental (PD&E) studies as well as design work on the proposed four-laning of S.R. 77 and S.R. 79 as planned. These studies will involve major local public involvement.

Additionally, District Three is exploring the feasibility of moving toward "full service" contracts for resurfacing projects (3R Program). These type contracts require minimal review by the Department. Last year, the District designed a few projects on a trial basis to determine the quality of plans produced under this concept. The results were encouraging to the extent that for FY 2003/04, the entire design effort for the resurfacing program will be accomplished with "full service" contracts. This enables the Department to perform oversight and quality assurance reviews as opposed to detailed plans reviews. The consulting industry has embraced this concept and is enthusiastic about its future. This concept allows the consultant more ownership and control and allows the Department to allot more time to process review and quality assurance. The key to the success of this concept is continuous communication between the consultant and Department staff as the consultant develops plans. This is in lieu of formal plans submittals and response comments. In addition to no formal plans reviews, this concept makes the consultant responsible for utility coordination, pavement design and geotechnical research. A formal process and scope conference meeting between the Department and the consultant is held at the 60 percent plans stage to ensure the consultant is on-track to a quality set of plans.

DISTRICT FOUR
Challenges and Accomplishments



Overview of District: District Four, with approximately 3.3 million residents, covers an area of 4,837 square miles, representing five counties in Southeastern Florida. The State Highway System (SHS) in the District is composed of 5,259 lane miles with 695 fixed bridges and 38 movable bridges. There are two major transit authorities, a commuter rail service, 14 public and 74 private airports, two of which offer commercial service, two major rail lines and three deep-water ports. District Four also maintains the only tunnel on the SHS.

Challenges

A major challenge for District Four continues to be the fact that our transportation needs greatly exceed our revenue. We are constantly faced with a multitude of requests from locals for various worthy transportation projects; however, there is never enough funding to construct all of them. We must find creative ways to improve our facilities and we must find creative ways to finance these projects. Our Florida Intrastate Highway System (FIHS) is quickly becoming clogged with traffic and it is becoming increasingly difficult to keep up with the improvements required due to lack of funding. Our 20 year FIHS needs are $2.5 billion while we only have funded $0.18 billion (7.2%) of these needs over the next 10 years.

As South Florida continues to mature into one of the largest urban centers in the U.S., we are more than ever dealing with the issue of balancing roadway needs with transit and non-motorized mode needs. The Department's core business is the movement of people and goods in a highly efficient manner, meaning high speed, low friction and maximum volume. In many instances this is in direct conflict with transit operations, pedestrian and bicycle movement and "livable" communities. The District continues to balance those needs on every project through public outreach, intergovernmental coordination and a keen sense of the myriad of community desires. Particularly in the last year we have had to deal with competing interests between: bicycle facilities and median landscape; right turn lanes and bus bays; and highway capacity and bus rapid transit.

Noise mitigation continues to be one of the most controversial issues facing the District. With a more informed public and vendors marketing their products and services over the internet, the level of scrutiny that the Department is under continues to escalate. Recent research has demonstrated the ability of existing noise walls along the Interstate to protect homes or cast a "shadow zone" much larger than previously realized. This dramatically increases the number of benefited receivers and allows additional walls to be found cost feasible. This has greatly enhanced the Department's ability to fulfill the communities' desires and mitigate noise impacts along Interstate corridors. Opposite from the Interstate, major urban arterial noise walls have proven to be a challenge not from an

engineering standpoint, but from the political side. Based on the current federal guidelines, the only group with standing in making the decision to construct noise walls, where eligible, is the residents directly impacted by the noise. Though this seems logical based on the negative impact to the individual property owners, it is unacceptable to many Home Owners Associations, local governments, County Commissions and MPO Boards who have no say in the process.

We currently have eight reconstruction projects ongoing in the City of West Palm Beach. It has been a challenge to maintain traffic and access to businesses concurrent with resolving utility conflicts. The project personnel have been working with local officials, businesses and utility owners to be responsive to their concerns and requests, and to maintain the schedule of the projects.

Accomplishments

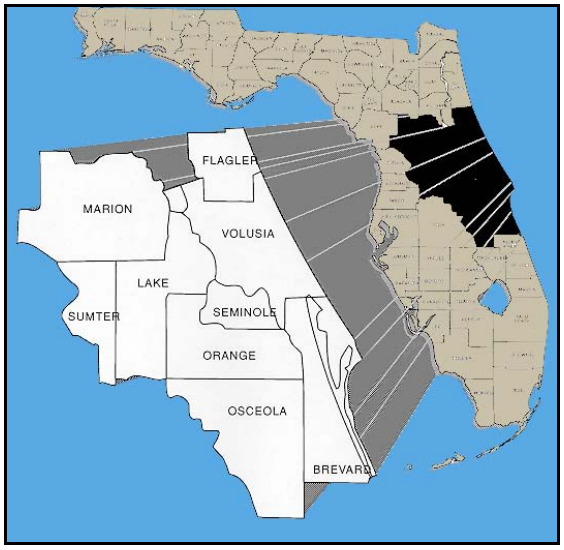
The Department and the Seminole Tribe of Florida entered into a Joint Project Agreement for the design and reconstruction of State Road 7 (US 441) in Broward County. The Seminole Tribe was interested in this agreement as they are constructing a hotel/casino development adjacent to State Road 7. Through this partnership with the Seminole Tribe of Florida, the delivery of this project is advanced by 11 years and at a substantial savings. Construction has begun and the project is estimated to be completed by mid 2004. The Joint Project Agreement between the Seminole Tribe and the Department requires that the Tribe provide the funding, the right-of-way and construct the new roadway. The FDOT will reimburse the Tribe a lump sum amount of approximately $15 million after July 1, 2007. The early delivery of this project creates a win-win situation for the public and both parties.

The Department initiated operation of its Interim Traffic Management System (ITMS) for I-95 in Palm Beach County in July, 2003. The ITMS will provide public information on I-95 incidents and alternate routes during the eight year reconstruction of I-95. The ITMS consists of portable dynamic message signs, cameras and traffic speed measuring devices all of which are operated from the traffic management center. The center will support effective traffic and incident management. The ITMS includes a public web site that can be accessed for up to date information on I-95 traffic conditions.

The District has prepared a GIS database system that overlays existing pedestrian and bicycle facilities [conversely identifying gaps] in relation to urbanized areas, school locations, bicycle and pedestrian crashes, high concentrations of low auto ownership and the Department's work program. An implementation plan has been developed to construct sidewalk facilities through coordination with local governments, new developments and the Department's work program.

Through a joint effort between District's One and Four, the Department was able to let to construction, two Design/Build projects for improvements to the Lake Okeechobee Scenic Trail (LOST) totaling $11.5 million of Enhancement Funds. Though the projects were the product of over 18 federal, State and local agencies and organizations, they had come to a standstill for over two years due to legal and financial concerns from the Army Corps of Engineers. Both Districts took over management of the projects and the environmental documents were completed in less than six months. The LOST projects will provide 11 feet wide paved bicycle and pedestrian facilities for approximately 63 of the 110 miles of the trail around Lake Okeechobee. The objectives of these projects, in addition to providing recreational facilities, are to promote eco-tourism and provide jobs and opportunities in this designated "Rural Area of Critical Concern."

DISTRICT FIVE
Challenges and Accomplishments



Overview of District: District Five, with a population of approximately 3.1 million residents, covers an area of 8,282 square miles, representing nine counties in Central Florida. The SHS in the District is composed of 7,412 lane miles with 935 fixed bridges and eight movable bridges. There are eight transit agencies, 160 public and private airports, four of which offer commercial service, five major rail lines, one deep-water port and a space port.

Challenges

Tremendous growth in the Central Florida region in combination with world class attractions such as Disney World, Sea World, and Universal Studios that make the region one of the world's leading tourist destinations remain the greatest challenge facing transportation planners and builders in the District. Hundreds of millions of dollars have been expended in recent years for capacity improvements along the region's Interstate Highways and arterial roads, but the backlog of needed improvements far outpaces available funding.

Design of the ultimate improvements to Interstate 4, the backbone of the regional transportation system, is in progress. Funds for acquisition of right of way and construction are yet to be identified, and current revenue projections mean it could be up to 30 years before those ultimate improvements are built. The coming year brings with it a sales tax referendum in Orange County, which could enable the advancement of I-4 and other major arterial projects. That would include funding for such heavily traveled roads as State Road 50 and John Young Parkway.

A task force established by Governor Bush developed a plan for completion of a true Western Beltway around Orlando. The so-called Wekiva Parkway would traverse environmentally sensitive areas of the Wekiva River Basin, and would be contingent on land use restrictions that would be acceptable to development, agriculture, and environmental interests in the region. A new committee will be meeting this coming year to see if that consensus can be reached, and appropriate regulations implemented so the project can proceed.

The District recently assumed management responsibility for several studies into possible commuter and/or light rail systems for the region. The results of those studies will give regional transportation planners the information they need to select and prioritize mass transit options, and make those options available for federal and state funding. In the face of impending Interstate reconstruction, such options will be critical to maintain regional mobility.

In addition to the normal challenges associated with public concerns over access management, signalization, and other traffic operations issues, the urban projects underway and planned have made noise abatement a growing concern. Recently constructed noise walls have encouraged many residents adjacent to major highways to question the existing criteria for noise abatement

eligibility. Even residents of subdivisions still under construction are seeking government funding to fix the problem next to, which they have chosen to live.

Accomplishments

The state's first 511 Travel Information Service has been a tremendous success. By dialing 511, Central Florida motorists can get around-the-clock, real-time traffic and road condition updates along the Interstate 4 corridor from Volusia County to the attractions area west of Orlando. In it's first year of operation, the service has logged over 1.3 million calls, making it the most successful 511 Travel Information Service in the country.

The success of 511 and the successful implementation of other Intelligent Transportation System programs in Central Florida undoubtedly played a significant role in the awarding of a $10 million grant from the Federal Highway Administration to allow the state to expand the region's transportation information system. In a competition with 16 other state's, the District's *iFlorida* project won funding for expansion of monitoring systems that will cover key hurricane evacuation routes along with major bridges and important national security sites. Road weather sensors to better advise motorists of situations impacting travel times and routes are among the other *iFlorid*a projects the federal grant will help fund. The *iFlorida* projects are to be a model for statewide and national implementation.

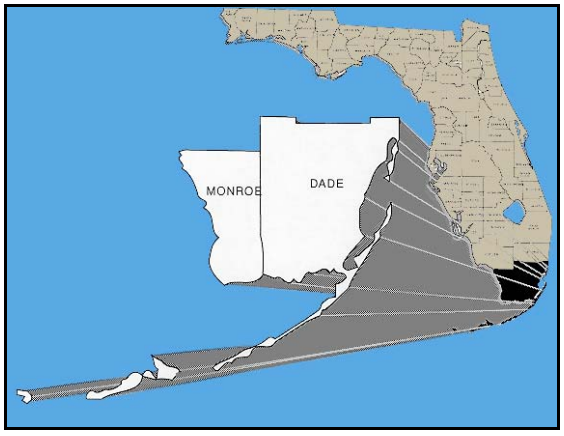
District Five contributed 65 projects totaling nearly $160 million to the Department's contract lettings in FY 2002/03, and is prepared to open bids or receive design/build proposals on over $400 million in FY 2003/04 projects. Major milestones were reached in perhaps the highest profile ongoing project in the District…the replacement of the I-4/St. Johns River Bridge. Two new bridges replacing the narrow 60's era span opened to traffic in the past year. Widening of the Interstate continues on schedule east and west of the new bridges. The Seminole County widening is a $28 million contract with financial incentives to ensure the work is completed at about the same time as the Volusia County widening, which is part of the $110 million bridge replacement contract. Also continuing on schedule is the addition of auxiliary lanes on I-4 through downtown Orlando, portions of which opened this past year. Other auxiliary lane additions south of Orlando have been completed or are nearing completion.

The past year saw several major projects successfully completed. Among them were the widening of the I-75/Lake Panasoffkee Bridge in Sumter County, a project recognized by the Florida Transportation Builders Association (FTBA) as the best Design/Build project in the state; widening to six lanes SR 436 in Orange County; widening to four lanes a section of SR 426 (Aloma Avenue) in Seminole County, recognized by the FTBA as the best Urban project in the state; widening of US 192 at the east end of Kissimmee in Osceola County; and the completion of SR 200 six-laning and US 27 four-laning in Marion County.

Several major capacity improvement projects got underway in District Five over the past year. Among them were widening of I-95 in the Daytona Beach area; additional sections of SR 44 in Volusia and Sumter Counties, US 1 in Brevard County, US 441 in Lake County, US 27 in Marion County, and Kirkman Road (SR 435) and SR 436 in Orange County. The $29 million SR 436 project is notable in that, when completed, SR 436 will be a minimum of six lanes wide for its entire length through the District.

The District has achieved these results while continuing a downsizing plan that will ultimately result in the elimination of over 250 positions.

DISTRICT SIX
Challenges and Accomplishments



Overview of District: District Six, with a population of over 2.4 million residents, covers an area of 2,989 square miles, representing Miami-Dade and Monroe Counties in Southeastern Florida. The State Highway System (SHS) in the District is composed of 2,869 lane miles with 904 fixed bridges and 13 movable bridges. There are two major transit authorities, 85 public and private airports, three of which offer commercial service, two major rail lines and one deep-water port.

Challenges

District Six continues to be challenged this year with how to best alleviate the truck traffic congestion in Miami's Downtown area. There still is no consensus on how to best address the truck traffic flow to and from the Port of Miami/Downtown Miami area in the short term while funding for a tunnel from Watson Island to the Port of Miami is secured.

Also located in the immediate area and adjacent to the new Performing Arts Centre, our I-395 project continues to be a challenge in FY 2003/04. Currently, District Six's Environmental Management Office has resumed studying alternatives for I-395, which include: an open cut depressed section, a tunnel, or an elevated bridge. One of the major public involvement obstacles for this project is how to eliminate the perception that I-395 divides the Downtown Miami, Overtown, and Omni areas while at the same time producing a financially feasible project for the Community.

The District continues to actively pursue roadway improvements in the Florida Keys' US 1 (18-mile stretch). The District has submitted environmental permits to the South Florida Water Management District and the Army Corps of Engineers (ACOE) based on a revised two-lane section, containing a median barrier wall and a northbound emergency evacuation shoulder.

Likewise, the Old Seven Mile Bridge in the Florida Keys has also been a top priority for the District. This year, this project has been put on a "fast track" environmental study to determine the best alternatives for this historically significant bridge that serves as the access from Knights Key to Pigeon Key. Recent inspections of the bridge required that the Department place restrictions on vehicular traffic and loads on the bridge. The challenge herein lies between the Department, the State Historic Preservation Office, and local government on how to strike a balance of what we can do as a community to preserve the integrity of the structure with the funds allotted.

Coping with safety concerns, congestion and growth in the vicinity off Krome Avenue (US 27/SR 997), the District developed a short-term strategy of implementing critically needed intersection improvements via a design-build contract. Additional intersection improvements are being designed by in-house staff and will be let in FY 2004/05. To address the long-term concerns of Krome Avenue, two PD&E Studies have been initiated to deal with the impacts and effects of improvements on the corridor.

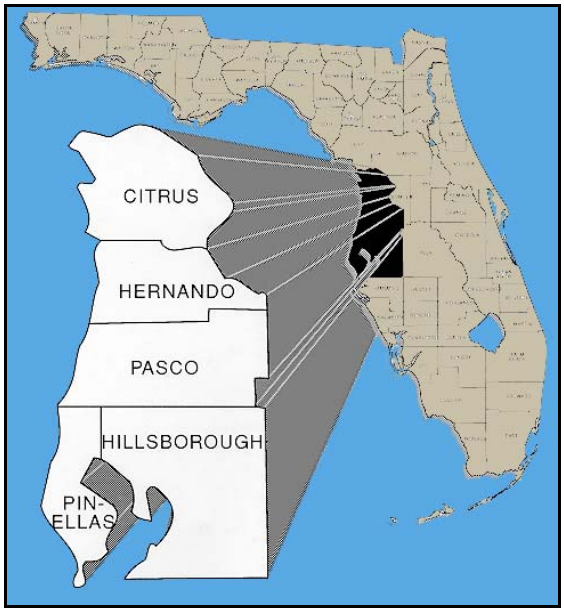
As part of the District's bridge improvement plans and rehabilitation efforts for the Miami River, the Department is currently working hand-in-hand with the City of Miami on how to address the replacement of the 5th Street Bridge while balancing the needs of the community and that of marine navigation. One of the difficult challenges posed shall be complying with both ACOE and US Coast Guard requirements for horizontal and vertical clearances while also coming to a compromise with the City and special interest groups representing the businesses along the river. Design for this project is scheduled to begin later this year.

Accomplishments

District Six has successfully completed all of its production commitments while at the same time controlling construction cost and time overruns. The District has also been very busy redefining the "Information Superhighway" with it's ITS Department. Just this past August, the District met a milestone for the 511 Program when the millionth caller was received into its call center. Since the deployment of the 511 Traffic and Travel Info line last year, the District has been successful in garnishing extensive media coverage and public acceptance. The future looks bright for ITS with its plans for increased enhancements such as: CCTV, Dynamic Message Signs and a ramp metering system.

Our District is also extremely proud that the US 1 Key Deer Wildlife Crossings project, (recently completed), has won the AASHTO Center for Environmental Excellence's award for Best Practices in Stewardship. There were over 75 entries from 32 States.

DISTRICT SEVEN
Challenges and Accomplishments



Overview of District: District Seven, with approximately 2.6 million residents, covers an area of 3,177 square miles, representing five counties in the Tampa Bay area. The State Highway System (SHS) in the District is composed of 4,251 lane miles with 626 fixed bridges and 13 movable bridges. There are three major transit authorities, 42 public and private airports, two of which offer commercial service, one major rail line and two deep-water ports.

Challenges

From planning to construction, challenges and opportunities exist in District Seven in every phase of transportation. The District is currently developing an interlocal agreement with the four Metropolitan Planning Organizations (MPOs) in the District to identify a regional transportation planning process with associated work products such as a regional long range transportation plan and regional priorities. Three of the individual MPOs (Hillsborough, Pinellas, and Pasco Counties) are located within a single transportation metropolitan area.

Developing and implementing an advanced right-of-way acquisition process as a strategy to reduce costs is a challenge. It is particularly difficult to complete the negotiation of a piece of property before there are any competing offers. Currently, the process takes in excess of six months from the time a parcel is identified as available.

The District is currently underway with the reconstruction of the urban interstate system through downtown Tampa while providing for the continuous movement of traffic every day. The I-4/I-275 interchange is currently under construction with the adjacent segment of I-4 about to get underway. The interchanges at the Tampa International Airport will be let for construction later this fiscal year. Determining how to complete construction as quickly as possible while operating next to one of the nation's best international airports is challenging. The District continues to use appropriate incentives and innovative contracting to minimize the impact to the traveling public.

Lastly, the District has been faced with issues related to permit challenges, which has delayed the letting of at least one bridge project. Going through the administrative hearing process has caused at least one year of delay. The District works very closely with the permitting agencies during the design process; however, challenges to the permit may still arise from the public, which requires the administrative hearing process to be followed.

Accomplishments

The 2002/03 fiscal year was another great year of accomplishments for the District. The production year was one of the largest ever while at the same time the level of construction is also at its peak. The six-laning of I-275 was completed

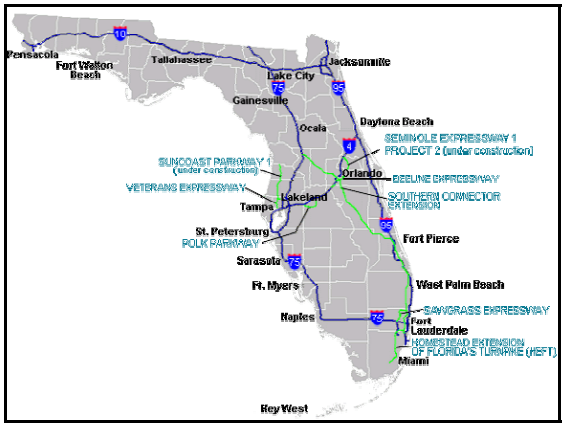
from Busch Boulevard to Bearss Avenue in Tampa. Construction began at the I-4/I-275 interchange, which is a 1,200-day project bid as an innovative contract.

This District had a project complete construction in 57 percent of the contract time through a cooperative effort with the contractor (Gilbert Southern Corporation) and use of appropriate incentive-disincentive measures. The Tyrone Boulevard project consisted of concrete pavement rehabilitation; milling and resurfacing of frontage road, turn lane additions, and several drainage improvements. The total cooperation between the Department and the contractor resulted in all incentives being met including the implementation of a Value Engineering Change Proposal, which saved, that project over $1 million. The original contract time was established at 500 days and the project was completed in 297 days.

The District also received two awards recognizing excellence in the field of right-of-way. The FHWA awarded the District the Technical Specialties Honorable Mention Award for creative use of right-of-way skills and resources in the Ybor City acquisition, relocation, and rehabilitation. The Florida Trust for Historic Preservation presented an award for "Organization Achievement, Outstanding Achievement" for historic preservation recognizing the District for the work in rehabilitating several historic structures as part of the mitigation plan for the Ybor City National Historic Landmark District and the I-4 widening project through Ybor City. The rehabilitation project has helped to revitalize the area and provide a stimulus for economic development.

Key accomplishments in the area of public transportation within the past year include the grand opening of the Tampa Historic Streetcar and two intermodal transit facilities; the Southern Transportation Plaza and the Marion Transit Center. The 2.3-mile Tampa Historic Streetcar system originates in Ybor City. The system provides access to various entertainment venues located along Tampa's Channel side district which includes cruise terminals at the Port of Tampa, the Florida Aquarium, Tampa's Convention Center, and the St. Pete Times Forum, ending at the Southern Transportation Plaza located in Tampa's southern business district. The Marion Transit Center provides connections for local and express buses circulating in and out of Tampa's northernmost business district.

TURNPIKE DISTRICT
Challenges and Accomplishments



Overview of Turnpike: Florida's Turnpike is a 449-mile system of limited access toll highways that passes through 16 counties in Florida. The Turnpike System is composed of 1,875 lane miles with 751 fixed bridges and eight service plazas. The Turnpike also collects tolls for eight off-system facilities.

Challenges

Unprecedented increases in Traffic volumes on Florida's Turnpike system last year represented our principal challenge. The Mainline showed a nine percent increase in Dade, Broward and Palm Beach Counties, 10 percent on segments of the Homestead Extension of Florida's Turnpike (HEFT), and 12 percent in Central Florida. In addition, total traffic volumes on Turnpike expansion projects (Veterans Expressway, Seminole Expressway, Polk Parkway, Southern Connector Extension and Suncoast Parkway) increased over 16 percent.

Another challenge was to increase toll revenues to provide needed funds for additional transportation projects. While total revenues for FY 02/03 significantly exceeded the prior year, revenue growth during the third quarter (January through March) did not meet expectations. Traffic revenues rebounded in the fourth quarter.

On April 11, 2002, Governor Bush signed House Bill (HB) 261 creating Florida's Turnpike Enterprise allowing the Turnpike to fully leverage its assets by implementing private-sector best practices in finance, organization and operations. Within the new Enterprise, managers are operating the State's largest revenue-producing asset "like a business" from within the Department of Transportation to achieve public sector goals. In other words, public sector motives with private sector methods.

Four goals were established to guide the Turnpike's transformation. They included providing outstanding customer service, an organized and well-trained staff, improved project delivery, and effective leveraging of Turnpike assets. These goals were supported by first-year initiatives that together formed the foundation of the new Turnpike Enterprise and provided the springboard for realizing the Five Year Strategic Plan 2003-2008.

10 strategies were identified in the Plan. These include:

1. *Enhance Our Level of Service to Meet Growing Demand;*
2. *Expand the Turnpike System as Part of the Florida Intrastate Highway System, while Maintaining our Current Bond Rating;*
3. *Transform the Sawgrass Expressway into America's Prototype User-Financed Highway;*
4. *Deploy Xpress Lanes on Urban Interstate and Turnpike Segments;*
5. *Maximize Deployment of ETC to 75% of Transactions by 2008;*
6. *Open the First "Themed" Service Plaza in America;*
7. *Increase Non-toll Revenues;*
8. *Provide Innovative Customer Services;*
9. *Deploy a Fiber Optic Network System-wide; and*

10. *Become One of Florida's Most Environmentally Responsive Transportation Agencies.*

Accomplishments

Significant progress was made with the goals and initiatives in the first year of the Enterprise.

A customer satisfaction survey provided insight into their needs and satisfaction with the Turnpike. Eighty one percent of respondents indicated that the Turnpike is a good value.

A Corporate Advisory Board was established to provide input on leveraging the Turnpike asset. This volunteer board is comprised of six successful executives from the private sector who have expertise relevant to the needs of the Enterprise.

The Enterprise implemented a week of intensive team building and leadership training called *Flight School* for its top 100 managers. The participants were divided into five squadrons with the mission of becoming the "Top Gun" as determined by their presentations and performance evaluations by their peers.

The consolidation of the Enterprise and the Office of Toll Operations (OTO) into one organization reinforces the unique vision and customer service values of both organizations. The merger has enhanced tolls data reporting with monthly traffic levels, SunPass participation, and revenue variances. The relocation of OTO staff to the Orlando headquarters of the Enterprise also continues.

The SunPass Challenge program is designed to provide the framework for incorporating operational, marketing and violation enforcement enhancements to the Enterprise's electronic toll collection system (ETC). The goal is to double Sunpass transactions to 50% of all transactions by December 2004. The program is on track at 38% participation, up from 25% at the start of the program. A contract with Eckerd Drugs has enhanced SunPass transponder availability through distribution and sales in 596 stores statewide.

A primary focus of the Turnpike Enterprise's mission is to help meet the state's growing transportation needs. *Partnerships in Mobility* is a strategy in development to help meet un-funded transportation needs in other FDOT Districts. The I-4 *Xpress* Lanes in Orange County is the first project in the strategy. A partnership between District 5, Orange County and the Turnpike will advance funding on the I-4 improvements as part of the Orange County Mobility 20/20 Initiative. The combination of FIHS, Turnpike and Orange County funds generated from a proposed ½ cent sales tax would accelerate the I-4 improvements from 2035 to 2012. Other projects being considered are I-4 *Xpress* Lanes in District 7, I-75 *Xpress* Lanes in District 1, and I-595 *Xpress* Lanes in District 4.

In response to growing transportation needs, Turnpike managers have expedited project delivery by two years by combining the PD&E and Design phases of major widening projects in north and south Florida. The $150 million dollar Broward County project will widen 8.5 miles of the Turnpike.

PD&E studies were substantially completed on over 48 miles of widening and interchange projects on the Bee Line West, Turnpike mainline and HEFT. Design and right of way acquisition continued for a portion of SR 429. The Thomas B. Manuel replacement bridge in Martin County was completed and an additional project has been added to replace the deck on the existing bridge. The interchange at SR 80 and the remaining portion of the connection of the Seminole II Expressway to Interstate 4 was open to traffic.

The Turnpike remains financially strong with actual revenues exceeding forecasts for FY 2001/02. Total revenues from tolls and concessions approached a record level of $525 million and are expected to continue to increase significantly over the five-year Work Program period. Florida's Turnpike continues to enjoy an AA bond rating making it one of the top five rated Turnpikes in the nation. The Turnpike also earned, for the 11th year in a row, the Certificate of Achievement in Financial Reporting from the Government Finance Office Association.

Emphasis Areas for Fiscal Year 2002/03

Florida sunset viewed from the A1A River & Sea Trail Scenic Highway.

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Emphasis Areas

Fiscal Year 2002/03 marks the thirteenth year the Florida Transportation Commission has conducted this evaluation of the Department of Transportation's performance.

The Commission uses 35 primary and secondary measures to evaluate the performance of the Department. Primary measures assess major departmental functions, measure an end product or an outcome, and are, to the greatest extent possible, within the Department's control. The primary measures are the measures on which the Commission places the most weight. Secondary measures are those considered sufficiently important to be reported, yet meet the primary criteria to a lesser degree and/or are used for informational purposes.

The Department met or exceeded 18 of the 19 primary performance measures used for evaluation by the Commission. There are 20 primary measures, but the objective for meeting the Turnpike Enterprise's SunPass Challenge is based on a date certain outside the fiscal year in review. However, the Department is on track to meet this objective. The one primary performance measure that was not met by the Department, on bridge repair contracts, was very close to the stated objective. If bridge repair contracts that were added or advanced during the year were counted towards the plan, the Department would also have exceeded this measure.

Overall, of the 33 primary and secondary performance measures developed by the Commission that include a stated objective (there are 35 measures, but an objective has not yet been established for two of the secondary measures), the Department met or exceeded 27. In FY 2001/02, the Department met or exceeded 21 out of 31 performance measures. (Two new measures under the Turnpike Enterprise section were added this year.)

The following pages present "Emphasis Areas of Noted Improvement or Performance" to highlight primary measures where the Department has made considerable improvement over the previous year's performance and to bring attention to exceptional Department performance. This is followed by "Emphasis Areas for Performance Improvement," which includes primary measures that were not met during this performance-rating period.

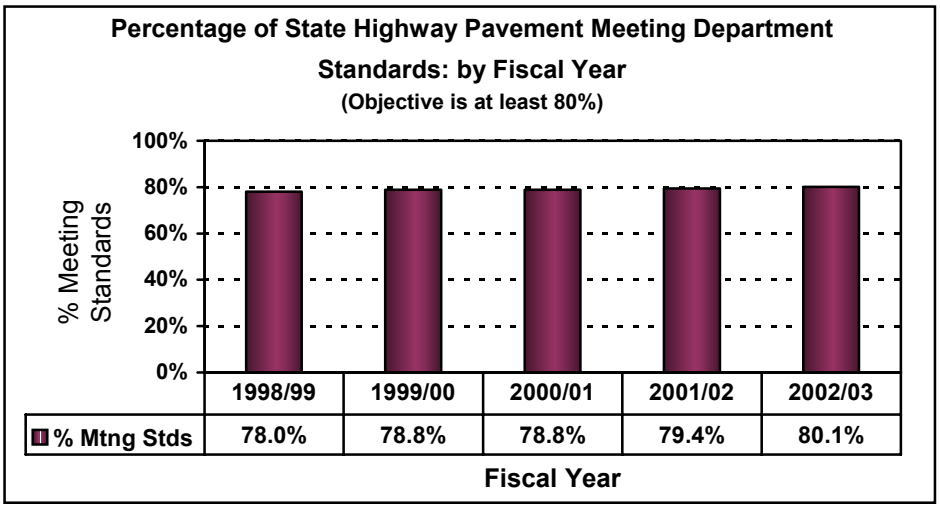
EMPHASIS AREAS OF NOTED IMPROVEMENT OR PERFORMANCE

1. PAVEMENT CONDITION

(See page 53 for a full description of the measure.)

Performance measure: Of the total lane miles on the State Highway System, the percentage meeting Department Standards.

FY 2002/2003 results: For FY 2002/03, the percentage of state road lane miles meeting standards was 80.1%, exceeding the Department objective of 80% by one-tenth of one percent.



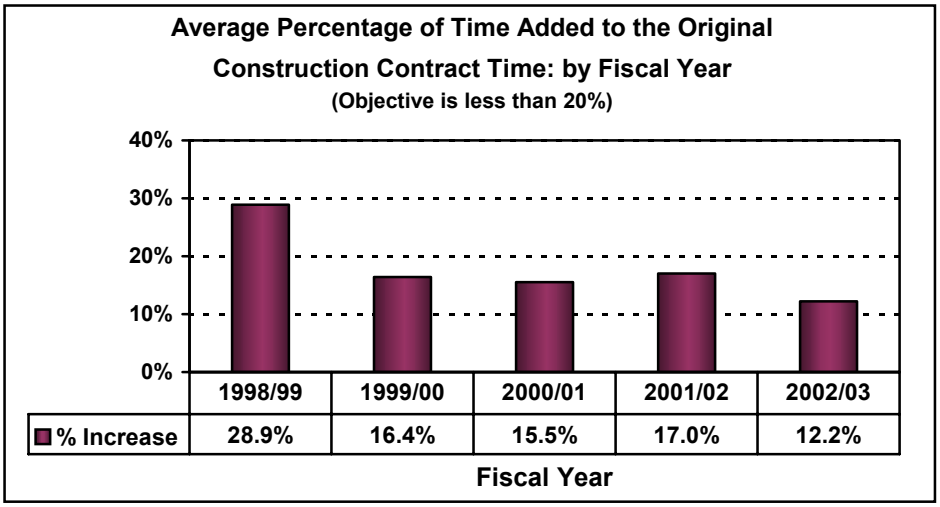
Comments: As indicated in the above chart, the Department has not met the objective of 80 percent for this performance measure in the previous four years. In fact, the last time the objective was met was in FY 1997/98. The 80 percent objective may seem low by most standards, but 80 percent translates into the state's roads being maintained in good condition. Achieving a rating much greater than 80 percent would indicate the Department is dedicating more of its scarce resources towards preserving the condition of the existing system as opposed to addressing the capacity needs of the traveling public. It's a delicate balancing act between preservation and adding new capacity. Meeting the 80 percent objective indicates the Department is maintaining the existing State Highway System in good condition, yet still addressing the capacity needs of the traveling public and business community.

2. CONSTRUCTION CONTRACT TIME ADJUSTMENTS

(See page 82 for a full description of the measure.)

Performance measure: For all construction contracts completed during the Fiscal Year, the original contract time compared against the actual days used to complete the project. This analysis excludes days that have been added to a contract due to inclement weather, since weather days are out of the control of the Department.

FY 2002/2003 results: For the 475 construction contracts completed during FY 2002/03, the original contract time increased an average of 12.2% as a result of days added to the contract and used by the contractor (excluding weather days). The percentage increase in contract time (excluding weather days) on completed contracts was almost five percentage points lower (12.2%, down from 17.0%) in FY 2002/03 than in FY 2001/02.



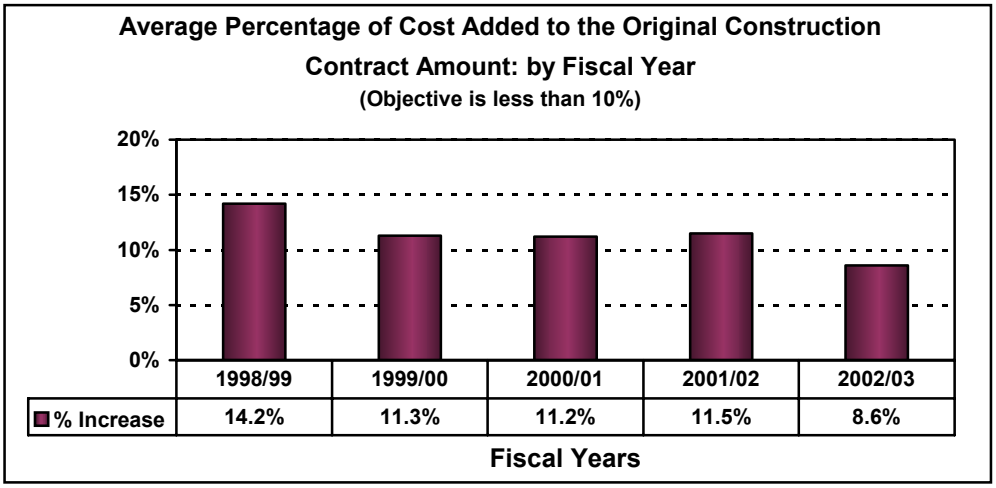
Comments: Although the Department has met the 20 percent objective for this performance measure four years in a row, the drop of almost five percentage points from the previous fiscal year is remarkable. Maintaining a level of time adjustments below 20 percent of the original contract time is difficult at best, as was demonstrated last year when time adjustments jumped from 15.5 to 17 percent. After bringing time adjustments under control in FY 1999/00, just maintaining that level of performance was going to be a challenge. In October of 1995, the Transportation Commission, concerned with the increases in time and cost adjustments to construction contracts, requested the Department to place more emphasis on this issue. The Department's success since that time can be attributed to an increased level of utilizing innovative contracting techniques and placing more emphasis on the plans review process. It may be time for the Performance Measures Working Group to consider revising the objective for this measure.

3. CONSTRUCTION CONTRACT COST ADJUSTMENTS

(See page 86 for a full description of the measure.)

Performance measure: The original contract amount compared against the final amount paid on all construction contracts completed during the Fiscal Year.

FY 2002/2003 results: For the 475 contracts completed during FY 2002/03, the total original contract amount of $1,400.8 million increased by 8.6% due to cost adjustments, for a total final contract amount of $1,522.0. The percentage increase in contract cost on completed contracts was almost three percentage points lower (8.6%, down from 11.5%) in FY 2002/03 than in FY 2001/02.



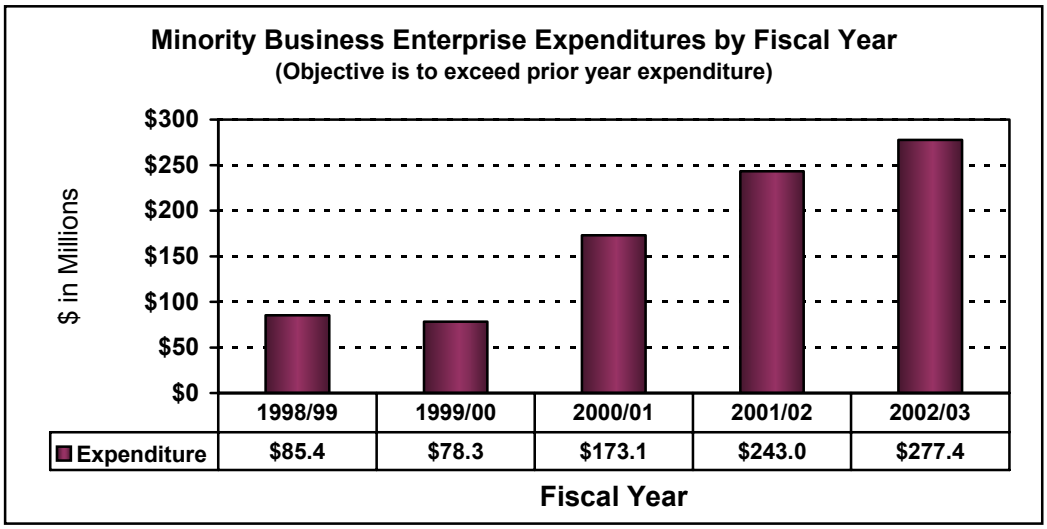
Comments: As with time adjustments, cost adjustments to construction contracts have been a concern to the Transportation Commission for some time. Meeting the objective of less than 10 percent has been a struggle. In fact, the Department has failed to meet this objective since FY 1993/94 when costs adjustments averaged 9.9 percent of the original contract amount. As indicated by the chart above, the Department seemed to have reached a plateau of around 11 percent over the past three years, which makes the drop of almost three percentage points this past fiscal year even more remarkable. Again, the reasons behind the Department's success seem to be attributable to the use of innovative contracting techniques and the time and effort being made on the plans review process. As far as supplemental agreements are concerned, the vast majority of them added value to the projects. Our analysis shows that of $29.2 million of supplemental agreements that were identified as being "avoidable" only $5.8 million, or 0.4% of the total final contract amount, did not add any value to the project and can be considered as "wasted" money.

4. MINORITY BUSINESS ENTERPRISE PROGRAM

(See page 103 for a full description of the measure.)

Performance measure: The annual dollar amount of Minority Business Enterprise (MBE) expenditures measured against the previous year's annual dollar amount of MBE expenditures.

FY 2002/2003 results: The Department met its objective for utilization of MBEs having exceeded last year's MBE expenditure level of $243.0 million by $34.4 million, or 14.2% more than last year.



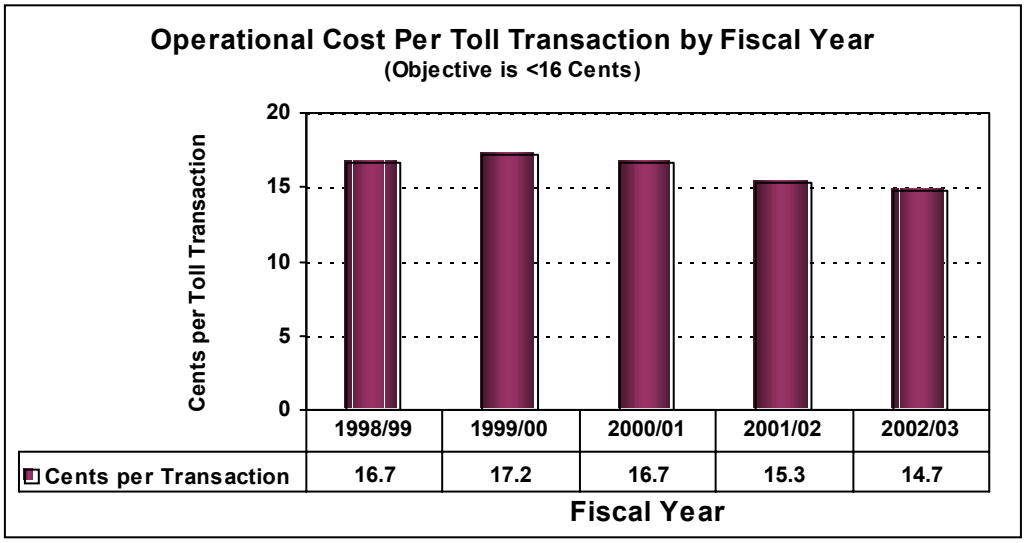
Comments: Even though the Department has met its objective of continuing to grow the program over the past three years, the rate of growth of the Minority Business Enterprise Program is worth noting. MBE expenditures is one facet of the Governor's One Florida Initiative. The fact that MBE expenditures with the Department continues to grow at a very healthy rate is evidence of the dedication the Department has towards achieving success under the One Florida Initiative.

5. MANAGEMENT OF TOLL FACILITY OPERATIONAL COSTS

(See page 115 for a full description of the measure.)

Performance measure: The average amount of each toll transaction collected from all toll facilities either owned or operated by the Turnpike Enterprise that is dedicated to covering operational costs. (Operational costs per toll transaction.)

FY 2002/2003 results: For FY 2002/03, the Department's cost to operate toll facilities was 14.7¢ per toll transaction. The cost to operate toll facilities for FY 2002/03 was 0.6¢ lower (14.7¢ down from 15.3¢) per toll transaction than in FY 2001/02 despite two new costs associated with toll collection now being included in the calculation.



Comments: In FY 2001/02, the Department exceeded its objective of toll facility operational costs being less than 16¢ per transaction for the first time since FY 1997/98. This accomplishment was attributed to a couple of things. The Office of Toll Operations (OTO), which is responsible for collecting tolls on the facilities the Department manages, was merged with the Turnpike Enterprise to consolidate common functions in an effort to enhance customer service and lower operating costs. Also, the OTO handed over management responsibilities of the toll facilities on the Miami-Dade Expressway to the Miami-Dade Expressway Authority on July 1, 2001. This action reduced the number of toll facilities the Department manages from 76 to 73. In FY 2002/03, the Turnpike Enterprise added two new categories of costs to its cost of operation. These include credit card fees paid to SunPass banks and certain information technology costs associated with toll collection. One would assume that the inclusion of these additional toll operational costs would have had a negative impact on performance in this area and reversed last year's downward trend. However, the opposite occurred. Operational cost per toll transaction continued its downward slope. This exceptional performance can be attributed the increase in the number of toll transactions being collected electronically.

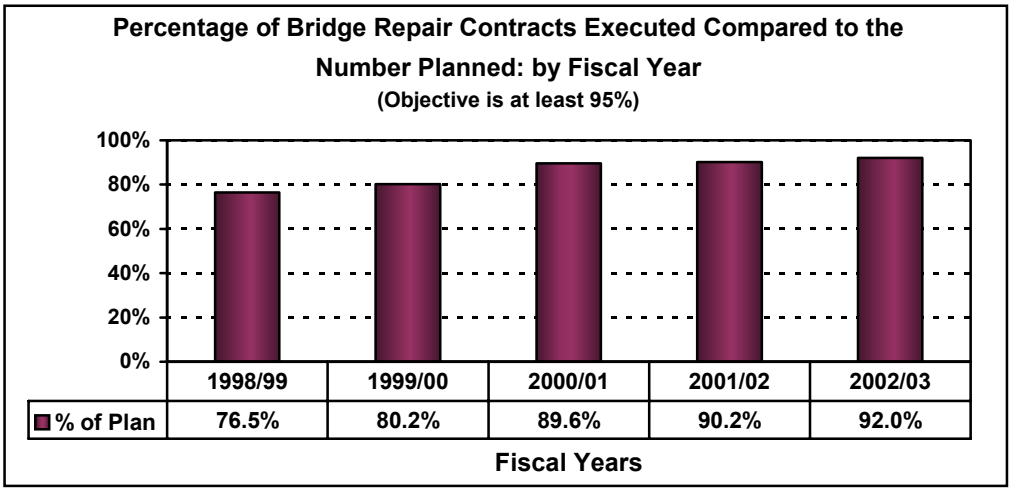
EMPHASIS AREAS FOR PERFORMANCE IMPROVEMENT

1. BRIDGE REPAIR

(See page 48 for a full description of the measure.)

Performance measure: Of the number of bridges planned for repair during the fiscal year, the number of bridges actually repaired (let to contract) during the year.

FY 2002/2003 results: The stated objective is to let to contract at least 95% of the planned projects, or in this case, 119 projects. Of 125 bridge repair projects planned for letting, 115 bridge repair projects, or 92.0%, were let; an improvement over last year's result. However, in addition to the plan and much to the Department's credit, 27 bridge repair projects that were not in the plan were let during the year and nine projects planned for future fiscal years were advanced and let for a total of 151 bridge repair contracts being let.



Reason for departure from objective (Department's Response): Per further review of the accounting of the bridge repair program, two bridge projects listed in the report were not deferred. Therefore, actual contracts were let to repair 115 bridges of a planned 125 bridges that were programmed for repair in FY 2002/03. (The adjustment has been reflected in this final report). However, 10 bridges should not have been included in the lock down plan. The Department deferred 10 bridges in District Two that had been included in the initial plan. They had inadvertently been programmed for construction prior to completion of an on-going Pier Protection Study. Following completion of the study, the bridges will be programmed if the need still exists. Additionally, since bridge inspections are performed continuously during the year there can be a fluctuation of bridges on and off the deficient bridge list (DBL) within a fiscal year. At times, additional bridges that are inspected during the new fiscal year are added to the list if they are deemed a higher priority than bridges already included on the list. The addition of new deficient bridges to the list requires the subsequent reprioritization of the DBL.

Recommendation for improvement: No recommendation is necessary.

Hathaway Bridge construction, Panama City.

DETAILED ANALYSIS OF PERFORMANCE AND PRODUCTION MEASURES

Interstates 95 and 295 interchange construction.

The following table presents an overview of the results of the Commission's evaluation of the Department's performance during fiscal year 2002/03. The first column identifies the performance measure as being either a primary or secondary measure. Primary measures are ones that assess major departmental functions, measure an end product or an outcome, and are, to the greatest extent possible, within the Department's control. Secondary measures are those considered sufficiently important to be reported, but meet the primary criteria to a lesser degree. The second column provides a statement of each measure, followed by the established objective in the third column. The last two columns present the results for the past fiscal year and whether or not the stated objective was met. Following the table is the detailed analysis of all the performance measures.

Performance Measures Summary Table

Priority	Measure	Objective	FY 02/03 Results	Meets Objective
Bridge Repair and Replacement				
1st	Of the number of bridges planned for repair during the fiscal year, the number of bridges actually repaired (let to contract) during the year. (See page 48)	≥95%	92.0%	No
1st	Of the number of bridges planned for replacement during the year, the number of bridges actually replaced (let to contract) during the year. (See page 49)	≥95%	95.0%	Yes
2nd	Of the total number of state-maintained bridges, the percentage meeting DOT standards, i.e., not in need of repair or replacement. Short Range Objective is 90% of bridges in good condition. (See page 50)	≥90%	93.6%	Yes
Resurfacing				
1st	Of the number of lane miles of state roadway planned for resurfacing during the year, the number actually resurfaced (let to contract) during the year. (See page 52)	≥95%	98.9%	Yes
1st	Of the total lane miles of state roads, the percentage meeting standards. (See page 53)	≥80%	80.1%	Yes
Routine Maintenance				
1st	Achieve a Maintenance Rating of 80 on the State Highway System. (See page 55)	≥100%	106.3%	Yes
Capacity Improvements: Highways				
1st	Lane miles of capacity improvement projects let vs. lane miles of capacity improvement projects planned. (See page 59)	≥90%	92.1%	Yes
2nd	Percentage of centerline miles of 2-lane roadways on the Florida Intrastate Highway	Being Developed	9.0%	NA

Priority	Measure	Objective	FY 02/03 Results	Meets Objective
	System (FIHS) brought up to standard (let to contract for improvement from two to four lanes) during the fiscal year. (See page 60)			
Capacity Improvements: Public Transportation Modes				
1st	Dollar amount committed to public transportation capacity improvement projects vs. dollar amount planned. (See page 61)	≥90%	132.5%	Yes
Consultant Acquisition				
1st	Number of consultant contracts executed vs. total contracts planned. (See page 65)	≥95%	98.5%	Yes
2nd	Dollar value of consultant contracts executed compared to the original estimated value. (See page 66)	100% (+ or – 5%)	102.6%	Yes
Right of Way Acquisition				
1st	Number of projects certified vs. number of projects scheduled for certification. (See page 69)	≥90%	94.5%	Yes
2nd	Number of parcels acquired by negotiation vs. condemnation. (See page 71)	≥60%	63.7%	Yes
2nd	For negotiated parcels, the percentage of the total purchase price amount that purchased land within 20% of the Department's appraised value. (See page 72)	Being Developed	46.0%	NA
2nd	For negotiated parcels, purchase agreement amount vs. DOT last appraisal vs. property owner's counter-offer amount. (See page 73)	≤50% of spread	54.3%	No
2nd	For litigated parcels, final judgment amount vs. total DOT estimated compensation vs. total property owner's claim for cases resolved through settlement, mediation and verdict respectively. (See page 73)	≤50% ≤50% ≤50% of spread	49.0% 55.2% 64.7%	No
2nd	Of total right of way expenditures, the percent of the dollar value used to purchase land vs. percent of the dollar value expended for associated land acquisition costs and fees. (See page 74)	≥75%	77.0%	Yes
Construction Contracts				
1st	Number of projects let vs. planned for letting. (See page 77)	≥95%	98.9%	Yes
2nd	Dollar value of construction contracts executed compared to the original estimated value. (See page 78)	100% (+ or – 5%)	96.3%	Yes

Priority	Measure	Objective	FY 02/03 Results	Meets Objective
Construction Contract Adjustments				
1st	For all construction contracts completed during the fiscal year, the original contract time vs. actual time used to complete the project (excluding weather days). (See page 82)	<20%	12.2%	Yes
2nd	Contracts completed broken down by percentage over original time: less than 20% over original time; 20% to less than 40% over original time; and 40% or more over original time. (See page 84)	≥80% below 20%	69.3% below 20%	No
1st	Original contract amount vs. final amount paid on all construction contracts completed during the fiscal year. (See page 86)	<10%	8.6%	Yes
2nd	Contracts completed broken down by percentage over original cost: less than 10% over original cost; 10% to 20% over original cost; 20% or more over original cost. (See page 88)	≥80% below 10%	81.3% below 10%	Yes
2nd	Of the final amount paid on completed construction contracts, the portion that was avoidable (should have been foreseen) supplemental agreements. (See page 90)	<5%	2.1%	Yes
Commitment of Federal Funds				
1st	Of federal funds subject to forfeiture at the end of the federal fiscal year, the percent that was committed. (See page 95)	=100%	100%	Yes
Management of Administrative Costs				
1st	Administrative costs as a percent of total program. Dollar amount of administrative costs vs. dollar amount of total program. (See page 97)	<2.0%	1.3%	Yes
Cash Management				
1st	Actual cash receipts vs. forecasted cash receipts and actual cash disbursements vs. forecasted cash disbursements respectively. (See page 99)	Within + or – 5%	2.3% and 0.9%	Yes
1st	Lowest annual cash balance vs. total contractual obligations. (See page 99)	≤5%	3.8%	Yes
Minority Business Enterprise Program				
1st	The annual dollar amount of MBE expenditures measured against the previous year expenditure. (See page 103)	>$243.0 million	$277.4 million	Yes
Disadvantaged Business Enterprise Program				
2nd	Dollar volume of disadvantaged business enterprise utilization as a percentage of total federal funded contracts. (See page 105)	≥7.5%	9.4%	Yes

Priority	Measure	Objective	FY 02/03 Results	Meets Objective
Safety Initiatives				
2nd	Florida's fatal crash rate per 100 million vehicle miles traveled (VMT) and fatal crash rate per 100 million VMT for State Highway System only vs. national average rate. (See page 109)	Within 20% of the national Rate of 1.36 (1.63)	Florida - 1.57 State System only- 1.79	No
2nd	Percent of crashes on the State Highway System where road conditions were a contributing cause. (See page 110)	<1.0%	3.61	No
Management of Toll Facility Operational Costs				
1st	Operational costs per toll transaction. (See page 115)	<16.0 cents	14.7 cents	Yes
Toll Revenue Variance				
1st	The revenue variance expressed as a percentage of indicated revenue for all toll facilities managed by the Turnpike Enterprise. (See page 117)	≤ 5%	2.5%	Yes
SunPass Participation				
1st	The number of SunPass transactions compared against the number of total transactions from all Turnpike Enterprise managed facilities expressed as a percentage. (See page 119)	≥ 50% by December of 2004	37.6%	On Track

Peace River Bridge construction – Charlotte County.

1. Preservation of Current State Highway System

1a. Bridge Repair and Replacement
1b. Resurfacing
1c. Routine Maintenance

Billions of taxpayer dollars have been invested over many years in constructing Florida's roads, bridges and other transportation facilities. Our transportation infrastructure is an asset serving every Floridian on any given day, either directly or indirectly.

Failure to adequately maintain our transportation assets would not only allow deterioration of a costly investment, but also would adversely impact the State's economy, jeopardize the safety of the traveling public, and accelerate deterioration of motor vehicles, to name just a few consequences. With limited revenues, it is not possible to maintain every road and bridge in "like new" condition, or immediately replace or upgrade every facility that becomes obsolete. However, the public has a right to expect structural deficiencies to be corrected before safety is threatened and before damage is allowed to become so severe as to necessitate costly major reconstruction.

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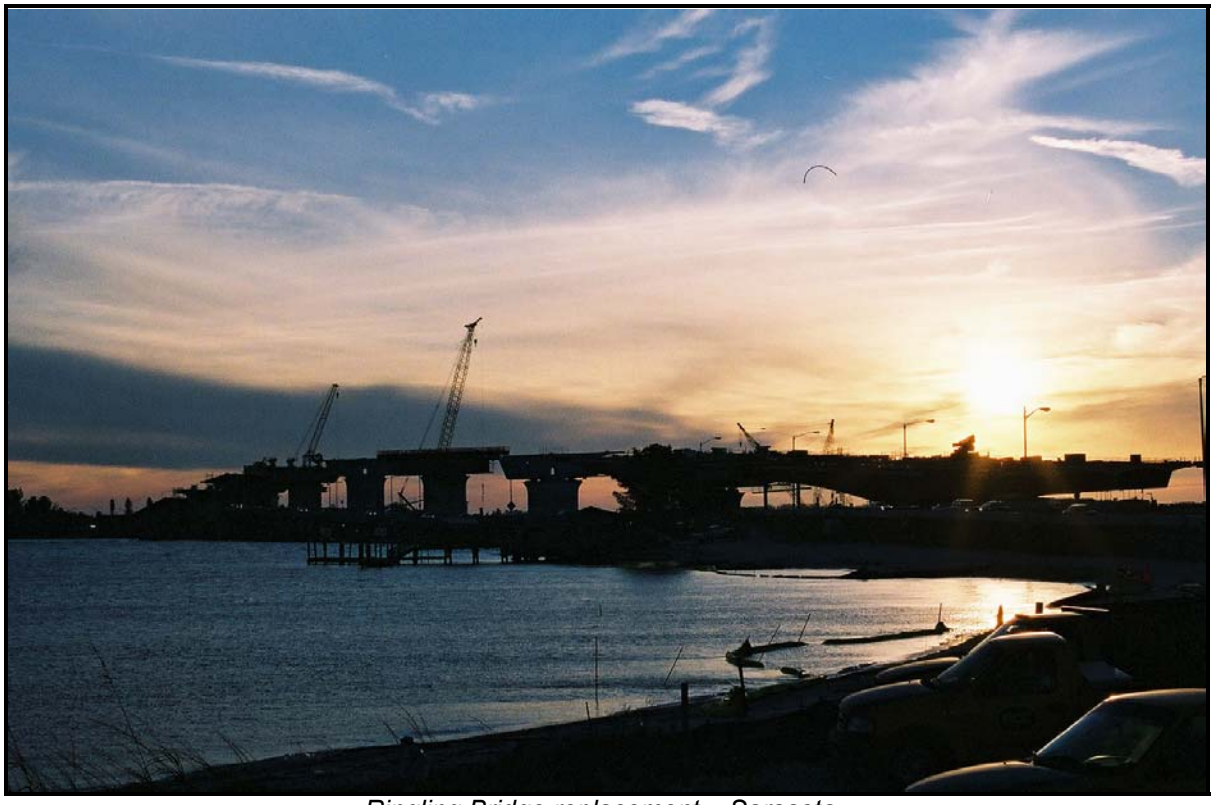
1a. BRIDGE REPAIR AND REPLACEMENT

BACKGROUND: There are 11,371 bridges in Florida, and 6,377 of these are the responsibility of the Florida Department of Transportation. All bridges maintained by the Department are inspected for structural deterioration at least once every two years (bridges with certain identified deficiencies are inspected more frequently). The Department's Bridge Repair and Replacement Programs monitor the need for repair, rehabilitation and replacement of FDOT maintained bridges. No bridge is allowed to become unsafe.

PURPOSE: Florida law requires the Department to meet the annual needs for repair and replacement of bridges on the system. The Department's strategy is to preserve the life of Florida's bridges by making cost effective repairs or through preventive maintenance. When repair is not justified by life-cycle cost considerations, bridges are replaced.



Ringling Bridge replacement – Sarasota.

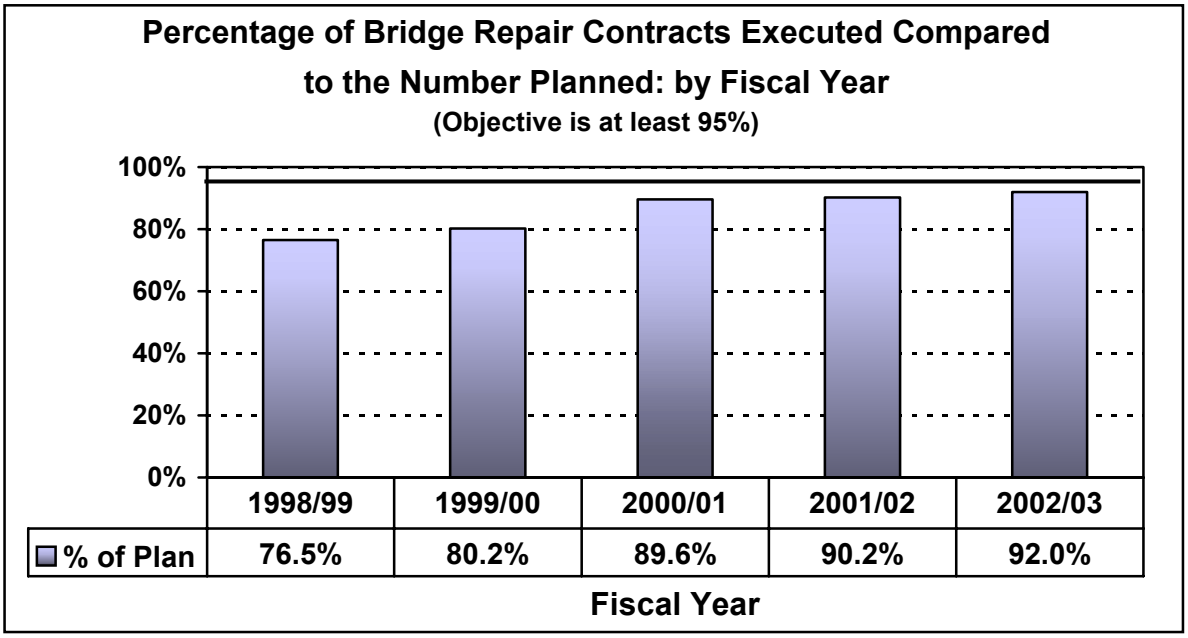
Bridge Repair

PRIMARY MEASURE: Of the number of bridges that were planned to be repaired during the year, the number of bridges actually repaired (let to contract) during the year.

OBJECTIVE: The Department's objective is to let to contract no less than 95% of those bridge repair contracts that were planned to be let during the year.

METHODOLOGY: This Measure assesses how well the Department performed in executing construction contracts on the bridge repair projects it committed to execute during the year. Data is collected from the Department's Production Management Office that identifies those contracts that were actually executed including the contract award amount. This data is then compared against the bridge construction contract plan established prior to the beginning of the fiscal year.

RESULTS: For bridge repair, the Department achieved 92.0% of plan; having repaired 115 bridges of 125 planned falling short of the 95% objective. However, during the year the Department repaired an additional 27 bridges that were not in the current or future plans and advanced and let nine projects planned for repair in a future fiscal year.



Five-Year Statewide Bridge Repair Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	132	162	134	143	125
Actual	101	130	120	129	115
% of Plan	76.5%	80.2%	89.6%	90.2%	92.0%
Advanced FY	9	3	3	2	9
Additions	25	48	8	54	27
Total	135	181	131	185	151

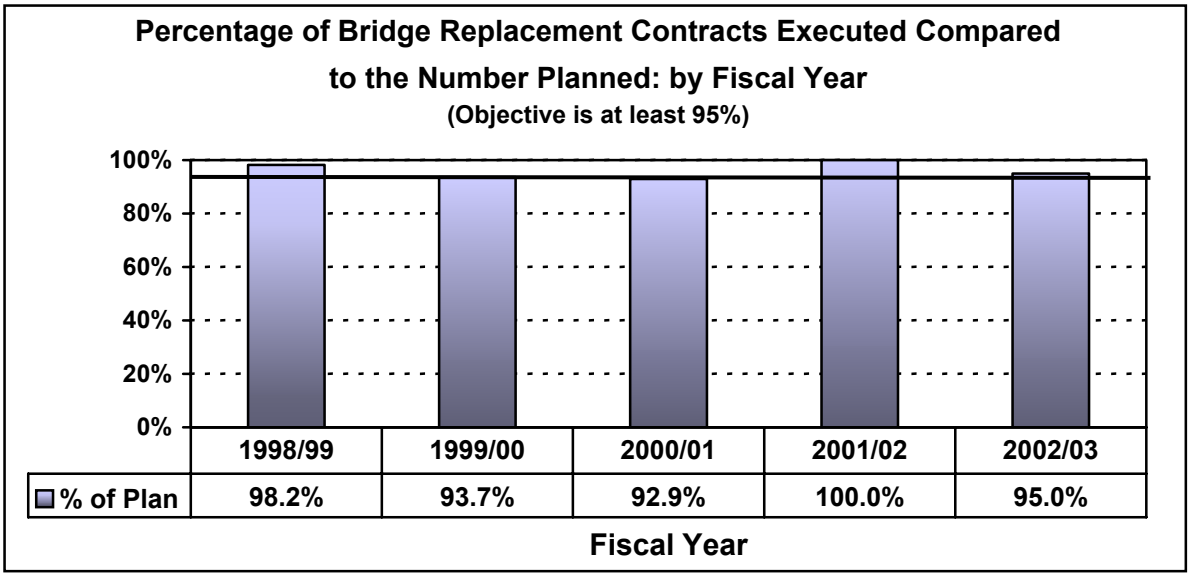
Bridge Replacement

PRIMARY MEASURE: Of the number of bridges that were planned for replacement during the year, the number of bridges actually replaced (let to contract) during the year.

OBJECTIVE: The Department's objective is to let to contract no less than 95% of those bridge replacement contracts planned to be let during the year.

METHODOLGY: This measure assesses how well the Department performed in executing construction contracts on the bridge replacement projects it committed to execute during the year. Data is collected from the Department's Production Management Office that identifies those contracts that were actually executed including the contract award amount. This data is then compared against the bridge construction contract plan established prior to the beginning of the fiscal year.

RESULTS: For bridge replacement, the Department achieved 95.0% of its plan, having let to contract 19 bridge replacement jobs out of 20 planned. In addition, during the year the Department let to contract two bridges not in the current or future plans.



Five-Year Statewide Bridge Replacement Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	56	63	42	14	20
Actual	55	59	39	14	19
% of Plan	98.2%	93.7%	92.9%	100.0%	95.0%
Advanced FY	0	0	0	4	0
Additions	0	0	2	3	2
Total	55	59	41	21	21

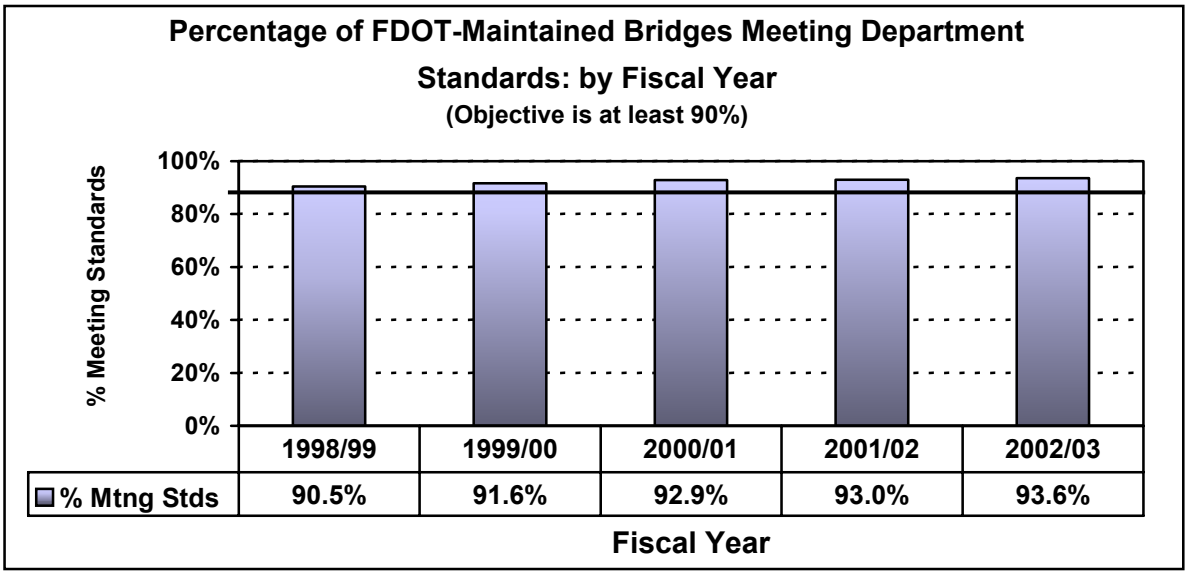
Bridge Condition

SECONDARY MEASURE: Of the total number of FDOT maintained bridges, the percentage meeting Department standards. "Meeting Standards" is defined as: not showing evidence of structural deterioration; not being limited by weight restrictions; and/or not needing preventive maintenance.

OBJECTIVE: The Department's objective, as presented in the Short-Range Component of the Florida Transportation Plan and statutorily mandated, is to ensure that 90% of the state maintained bridges meet department standards. It is emphasized that the remaining 10%, while in need of repair or replacement, are safe for use by the public.

METHODOLOGY: The Department's Program Development and State Maintenance Offices keep a database of all the bridges in the state. The database includes information on the condition of each bridge, based on the results of the latest inspection.

RESULTS: For FY 2002/03, the percentage of state-maintained bridges meeting standards was 93.6%, exceeding the Department's short-range objective of 90% by almost four percentage points.



Five-Year Statewide Bridge Maintenance Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Total # of Bridges	6,213	6,253	6,320	6,260	6,265
# Meeting Standards	5,623	5,726	5,869	5,823	5,862
% Meeting Standards	90.5%	91.6%	92.9%	93.0%	93.6%

1b. RESURFACING

BACKGROUND: Road pavements require periodic resurfacing, however, the frequency of resurfacing depends on the volume of traffic, type of traffic (heavier vehicles cause more "wear and tear") and weather conditions to which a road pavement is subjected.

Resurfacing preserves the structural integrity of highway pavements and includes pavement resurfacing, pavement rehabilitation and minor reconstruction. Failure to timely resurface a road results in damage to the road base, necessitating costly reconstruction work. The Department measures the condition of road pavements on an annual basis. Road segments that do not measure up to predefined pavement condition standards are considered deficient and are subsequently scheduled for repair in the Department's Five Year Work Program. Priority scheduling is accorded to roads with the most severe deficiencies.

PURPOSE: Florida law requires the Department to meet the annual needs for resurfacing of the State Highway System through regular maintenance, which avoids high repair bills and prolongs the useful life of transportation facilities.

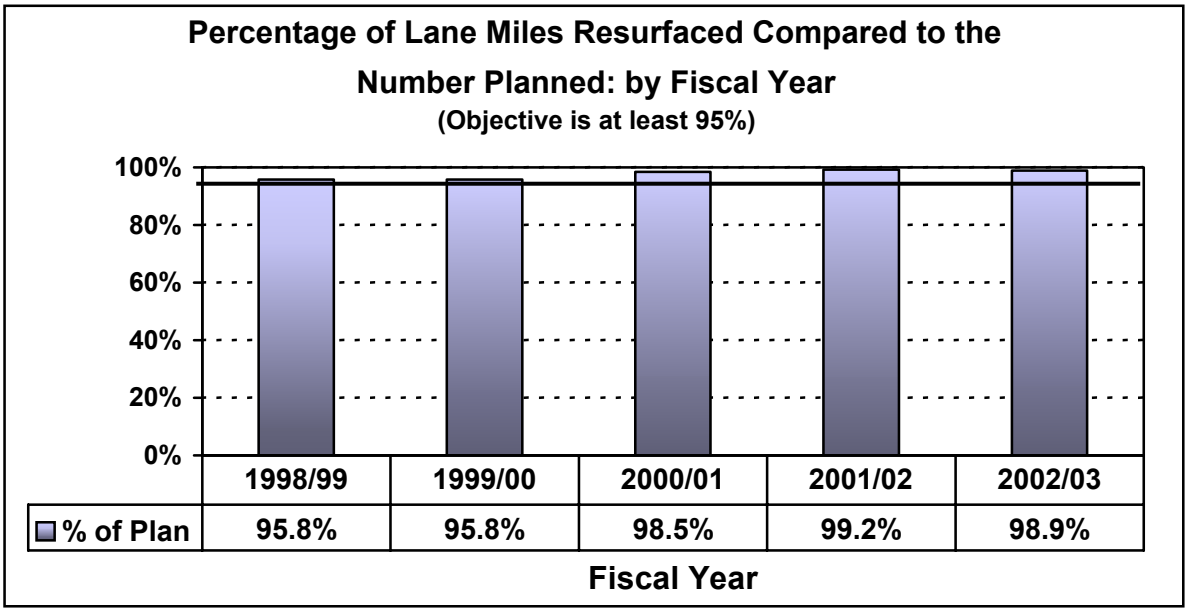
Lane Miles Resurfaced

PRIMARY MEASURE: Of the number of lane miles of state roadway planned for resurfacing during the year, the number actually resurfaced (let to contract).

OBJECTIVE: The Department's objective is to resurface no less than 95% of the lane miles planned for resurfacing during the year.

METHODOLOGY: State roads that need resurfacing are identified through the Department's annual pavement condition survey. This survey evaluates pavement conditions using three factors: ride quality, crack severity, and average depth of wheel path ruts. The State Materials Office conducts the pavement condition survey. To maintain the current level of pavement condition, approximately six percent of the lane miles on the State Highway System need to be resurfaced annually.

RESULTS: The Department achieved 98.9% of plan, having resurfaced 2,406.6 of 2,433.9 lane miles planned. In addition, the Department advanced and resurfaced 82.6 lane miles that had been planned for future fiscal years and 230.3 lane miles that were not in the current or future plans. Note: The above data includes 559.7 lane miles of resurfacing projects on roads off the State Highway System.



Five-Year Statewide Resurfacing Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	2,279.0	1,711.0	2,195.0	2,260.0	2,433.9
Actual	2,184.0	1,639.0	2,163.0	2,242.0	2,406.6
% of Plan	95.8%	95.8%	98.5%	99.2%	98.9%
Advanced FY	33.0	5.0	24.0	133.8	82.6
Additions	1.0	58.0	0.0	208.0	230.3
Total	2,218.0	1,702.0	2,187.0	2,583.8	2,719.5

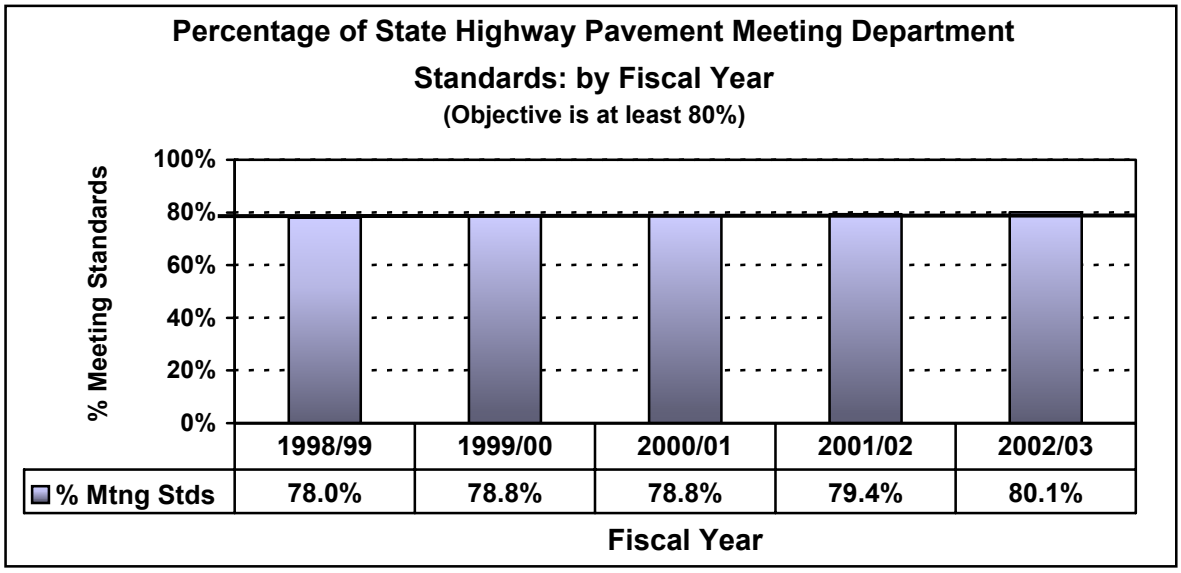
Pavement Condition

PRIMARY MEASURE: Of the total lane miles on the State Highway System, the percentage meeting Department standards.

OBJECTIVE: The Department's objective, statutorily mandated and presented in the Short-range Component of the Florida Transportation Plan, is for 80% of lane miles to meet Department standards (rated seven or above in the pavement condition survey where one is worst and ten is best).

METHODLOGY: Pavement meeting Department standards is defined as pavement for which each of the three rating factors (ride quality, crack severity and rutting) was scored higher than six on a ten-point scale. The State Materials Office conducts the Pavement Condition Survey (PCS) on an annual basis. The PCS Unit conducts a 100% inventory of the State Highway System as part of the Department's Pavement Management Program. The data collected is used to assess the condition of the system as well as to predict future rehabilitation needs. These predictions are used in the preparation of the legislative resurfacing budget request and subsequent distribution of funds to Districts.

RESULTS: For FY 2002/03, the percentage of state road lane miles meeting standards was 80.1%, exceeding the Department objective of 80% by one-tenth of one percent.



Five-Year Statewide Pavement Condition Survey Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Total Lane Miles	39,416	39,529	39,840	40,204	40,554
# Meeting Standards	30,761	31,149	31,407	31,908	32,484
% Meeting Standards	78.0%	78.8%	78.8%	79.4%	80.1%

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1c. ROUTINE MAINTENANCE

BACKGROUND: Routine maintenance encompasses highway repairs (repairing potholes, patching, etc.), roadside upkeep (mowing, litter removal), drainage management, and traffic services (road signs, re-striping). Adequate, uniform road maintenance on a statewide basis is essential from structural and safety standpoints and is important for aesthetic and environmental reasons.

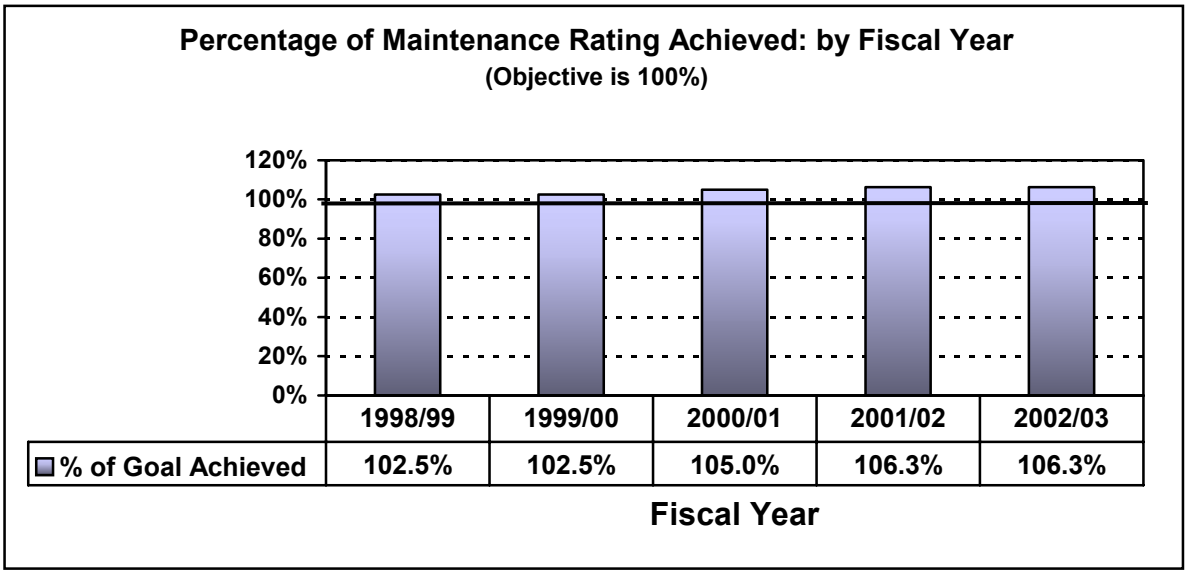
PURPOSE: Florida law requires the Department to provide routine and uniform maintenance of the State Highway System. The measure below is the Department's current operating policy implementing the statutory provision.

PRIMARY MEASURE: Achieve a Maintenance Rating of 80 on the State Highway System.

OBJECTIVE: The Department's objective, as mandated by Law, is to achieve 100 percent of the acceptable maintenance standard on the State Highway System. "Acceptable maintenance standard" is based on the Department's evaluation of its performance using the Maintenance Rating Program.

METHODOLOGY: The "maintenance rating" goal of 80, referred to above, is based on the Department's evaluation of its performance using the Maintenance Rating Program. This system grades five maintenance elements and arrives at a composite state score, based on a scale of 1 to 100, with a score of 80 being the acceptable standard.

RESULTS: For FY 2002/03, the Department achieved 106.3% of the objective of a system-wide maintenance rating of 80.



Five-Year Statewide Maintenance Rating Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Rating Goal	80	80	80	80	80
Actual Rating	82	82	84	85	85
% of Goal Achieved	102.5%	102.5%	105.0%	106.3%	106.3%

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2. Capacity Improvements: Highway and All Public Transportation Modes

2a. Capacity Improvements: Highways
2b. Capacity Improvements: Public Transportation

Highest funding priority is accorded to the preservation of existing highways, bridges, and other transportation facilities. The first priority with transportation revenues is to maintain our transportation assets to standards established and funded by the Legislature. Due to an existing backlog of preservation needs, highway capacity improvement needs -- including new road construction, adding lanes to existing roads, and traffic operations improvements (intersection improvements, signal timing, etc.) -- have been accorded secondary priority. Thus, although Florida law mandates that the Department "reduce congestion on the state transportation system" through new construction, expansion of existing facilities and traffic operations improvements, these capacity improvement programs have not been comprehensively addressed because of competing preservation priorities for limited funding.

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2a. CAPACITY IMPROVEMENTS: HIGHWAYS

BACKGROUND: There are approximately 119,785 centerline miles of public roads within the state. The State Highway System (SHS) comprises about 10 percent, or 12,053, of the total centerline miles. This equates to 40,696 lane miles of roadway. Notwithstanding funding constraints, the 2020 Florida Transportation Plan places priority on completing improvements to the Florida Intrastate Highway System (FIHS). The FIHS (currently 3,939 centerline miles of the State Highway System) is a network comprised of Florida's key interstate, intercity and interregional highways for high-volume, high-speed movement of goods and people.

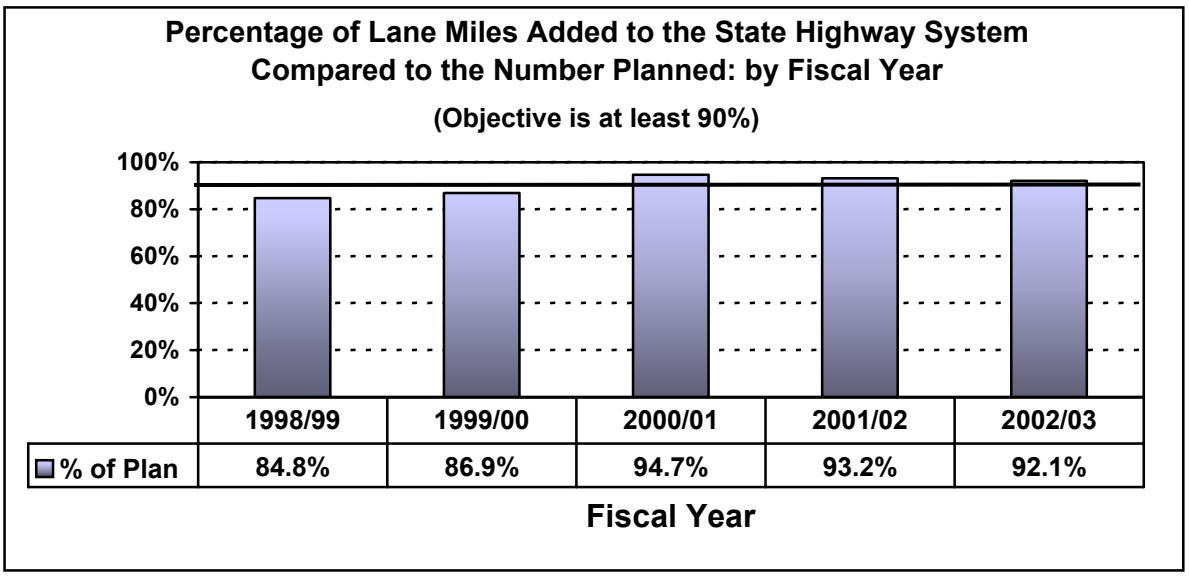
PURPOSE: The handling capacity and efficiency of the SHS, and the FIHS specifically, is a critical factor in Florida's economic future, as the state competes to capture new and expanding domestic and international markets and maintain its tourism industry. Standards for the FIHS have been established both for improved capacity and control of access. To the extent that these standards are implemented, the FIHS will contribute to Florida's enhanced economic competitiveness throughout the 21st Century.

PRIMARY MEASURE: The number of lane miles of capacity improvement projects let compared against the number of lane miles of capacity improvement projects planned during the fiscal year.

OBJECTIVE: The Department's objective for this measure is to let to contract no less than 90% of the lane miles of highway capacity improvement projects planned for letting during the fiscal year.

METHODLOGY: This measure assesses the Department's progress toward fulfilling the legislative mandate to develop and implement the Florida Intrastate Highway System to provide high volume, high-speed statewide and interregional movement of people and goods. Data identifying the number of highway capacity miles added to the system is collected from the Department's Program Development Office and analyzed.

RESULTS: Of 373.9 lane miles of capacity improvement projects planned, 344.3 lane miles or 92.1% were let. The Department did not advance any lane miles that had been planned for future fiscal year, but did add and let 8.6 lane miles of capacity not included in the original plan for the year, thus increasing system capacity by 352.9 lane miles. Note: The above data includes 3.88 lane miles of capacity improvement projects on roads off the State Highway System.



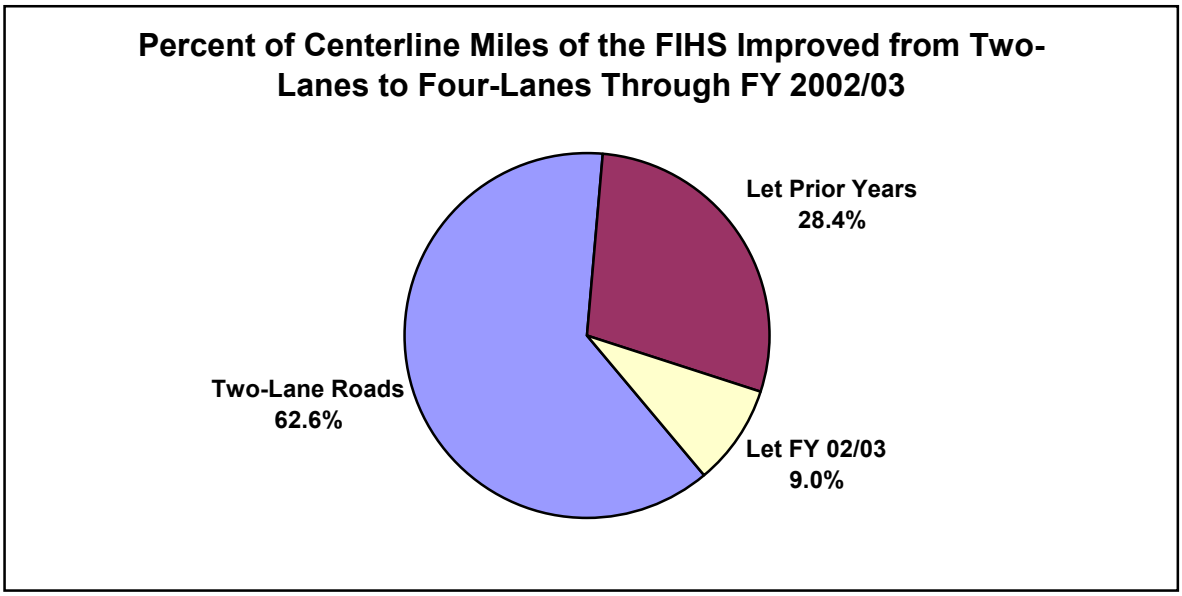
Five-Year Statewide Highway Capacity Lane Miles Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	250.0	320.0	266.0	407.4	373.9
Actual	212.0	278.0	252.0	379.6	344.3
% of Plan	84.8%	86.9%	94.7%	93.2%	92.1%
Advanced FY	2.0	20.0	0.0	182.0	0.0
Additions	58.0	0.0	61.0	70.0	8.6
Total	272.0	298.0	313.0	631.6	352.9

SECONDARY MEASURE: The number of centerline miles on the Florida Intrastate Highway System (FIHS) that do not meet the minimum FIHS standard of four lanes compared against the number of miles brought up to standard (let to contract for improvement from two lanes to four lanes) during the fiscal year.

PURPOSE: The purpose of this measure is to track progress towards bringing the entire FIHS up to a minimum of the four lanes standard in order to assess the Department's efforts toward fulfilling the legislative mandate to implement the FIHS.

RESULTS: Of 888 FIHS centerline miles not meeting the minimum lane standard on July 1, 1993, 80 miles or 9.0% were let to contract during FY 2002/03 for improvement from two to four lanes. This improves the original 1993 inventory of 888 two-lane roads on the FIHS by a total of 332 miles or 37.4% to the four-lane standard.



FIHS Two-Lane Roads	# of Centerline Miles	% of Total
Let in Prior Years	252	28.4%
Let During FY 2002/03	80	9.0%
Miles of Two-Lane Roads	556	62.6%
Total	888	100.0%

2b. CAPACITY IMPROVEMENTS: PUBLIC TRANSPORTATION MODES

BACKGROUND: Public Transportation capacity improvements include airports, seaports, rail, bus transit, intermodal development (projects enhancing connectivity of various transportation modes) and commuter assistance (carpooling, vanpooling, park & ride, etc.). The Department's role is generally limited to providing funding and technical support. Public transportation facilities and projects to improve facility capacity are, with few exceptions, owned and operated by local government or private-sector entities, with state assistance limited to grants, other funding assistance and technical support.

PURPOSE: Although the automobile is expected to continue to be the dominant means of travel for the foreseeable future, the use of other modes must increase significantly to maintain air and water quality and to provide travel choices.

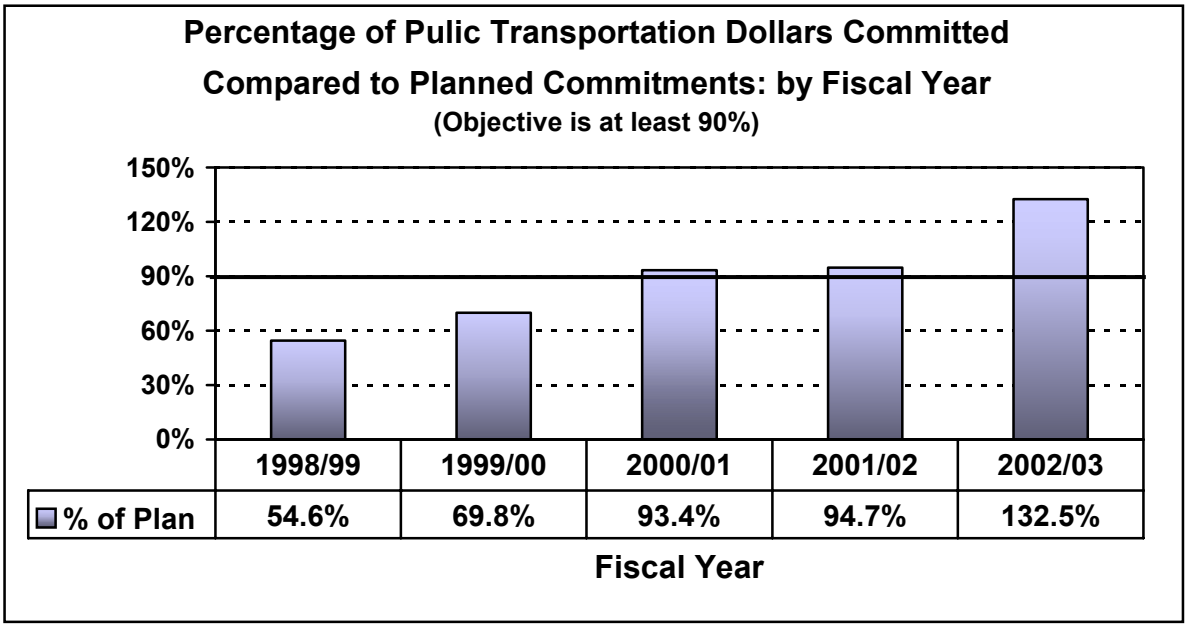
PRIMARY MEASURE: The dollar amount committed to public transportation capacity improvement projects compared against the dollar amount planned to be committed during the fiscal year.

OBJECTIVE: The Department's objective is to commit to public transportation capacity improvement projects no less than 90% of the dollar amount planned for commitment during the fiscal year.

METHODOLOGY: The Department's Public Transportation Office, comprised of the Aviation, Rail, Seaports and Transit Offices, is responsible for developing and monitoring the public transportation plan. Actual commitment data is requested from the Public Transportation Office and compared against planned commitments.

RESULTS: For FY 2002/03, the Department achieved 132.5% of plan, committing $202.4 million of a planned $152.7 million in public transportation capacity improvement projects.

Additional Comments: The plan for FY 2002/03 was 19.6% smaller than the plan for FY 2001/02. Department achievement of plan was 37.8 percentage points higher (from 94.7% to 132.5%) in FY 2002/03 than in FY 2001/02.



Five Year Statewide Public Transportation Capacity Improvement Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	$263.0	$337.9	$334.5	$189.9	$152.7
Actual	$143.5	$235.9	$312.5	$179.8	$202.4
% of Plan	54.6%	69.8%	93.4%	94.7%	132.5%
Advanced FY	$0.0	$0.0	$0.0	$0.0	$0.0
Additions	$0.0	$0.0	$0.0	$0.0	$0.0
Total	$143.5	$235.9	$312.5	$179.8	$202.4

3. Cost-Efficient and Effective Business Practices: Production

3a. Consultant Acquisition
3b. Right of Way Acquisition
3c. Construction Contracts
3d. Construction Contract Adjustments

Each year, the Department develops a detailed plan (Work Program) of the transportation projects it has committed to undertake during the next and ensuing four years. The Department schedules each project by phase (e.g., design, right-of-way, construction) and estimates the cost of each phase. The construction phase cannot begin until the Department lets the project (carries out the bidding process) and awards a construction contract to a responsible bidder, the construction firm that will actually build the facility, whether it is a road, bridge or other structure.

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3a. CONSULTANT ACQUISITION

BACKGROUND: The production cycle of a road or bridge begins with the preliminary engineering and design phases followed by right of way acquisition activities. Although the Department employs engineers and other staff who perform these functions, it also contracts with private-sector engineering and right of way consultants to produce approximately 72% of design plans and 76% of right of way activities. Unlike the traditional construction contracting process in which the firm submitting the lowest responsible bid receives the contract, the consultant acquisition process is carried out pursuant to state law requiring competitive negotiations. Selection of consultants is based on the quality of the technical proposal submitted. Once a consultant has been selected, the price is then negotiated.

PURPOSE: In order for a project to progress on schedule to construction, the design and right of way consultant contracts must be negotiated and executed in a timely manner. Further, delays in the production process usually result in increased project costs.

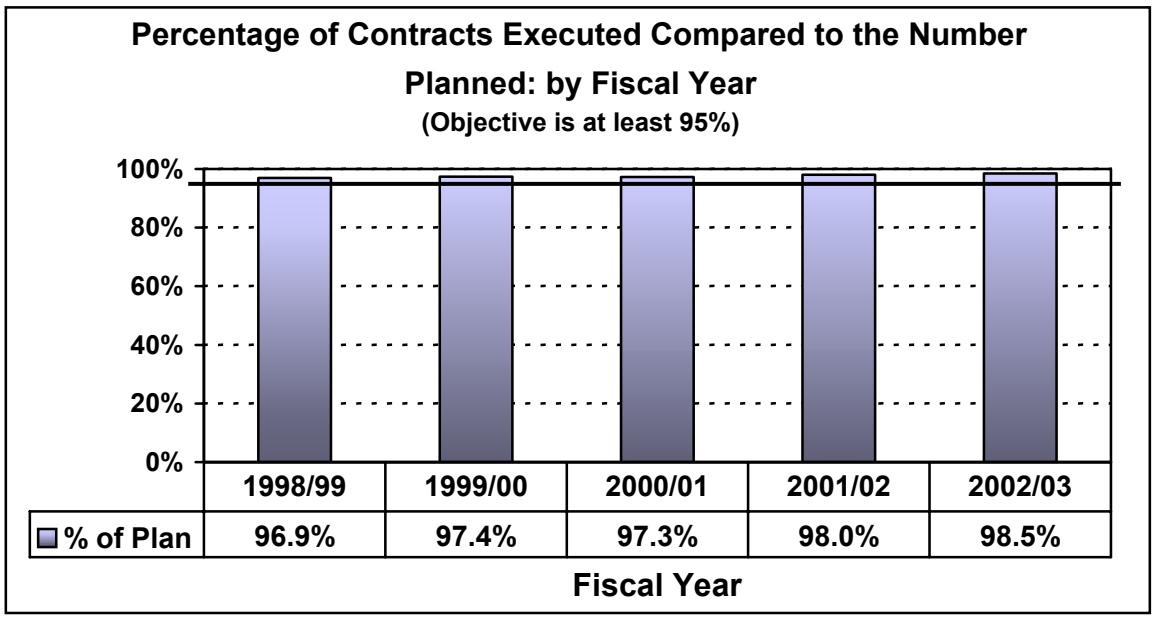
PRIMARY MEASURE: The number of consultant contracts actually executed compared against the number of consultant contracts planned to be executed during the year.

OBJECTIVE: Although there are valid reasons for not executing some consultant contracts, the Department's objective is to let no less than 95% of those consultant contracts planned to be let during the year.

METHODOLOGY: This measure assesses the Department's performance in initiating project engineering, design and right of way acquisition in accordance with the schedule committed to in the work program. Data is collected from the Production Management Office that identifies those contracts that were actually executed, along with the negotiated amount of the contract. This data is then compared with the consultant acquisition plan.

RESULTS: For FY 2002/03, the Department achieved 98.5% of its plan, having executed 334 of the 339 contracts planned to be executed during the year. The Department also executed an additional 16 consultant contracts that were not included in the original plan.

Additional Comments: The Department's consultant acquisition plan for FY 2002/03 was 1.7% smaller than its plan for FY 2001/02. The Department's achievement of plan was one-half a percentage point higher in FY 2002/03 than it was in FY 2001/02.



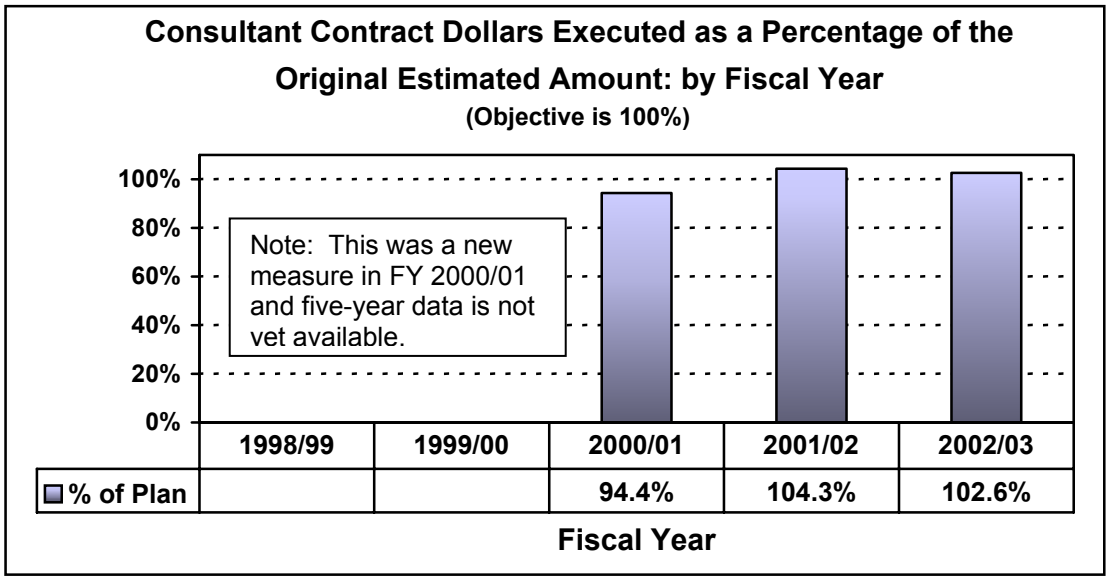
Five-Year Statewide Consultant Contract Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	291	350	296	345	339
Actual	282	341	288	338	334
% of Plan	96.9%	97.4%	97.3%	98.0%	98.5%
Additions	38	12	72	47	16
Total	320	353	360	385	350

Note: Construction engineering inspection (CEI) contracts are not included in the Consultant Acquisition performance measure since their letting performance is impacted by the construction contract letting schedule.

SECONDARY MEASURE: The following chart and table compare the dollar value of the consultant contracts executed during the year with their original estimated value. This information is an indicator of how well the Department develops its financial plan and negotiates the contract amount. For instance, if the percentage of the dollar value of contracts executed is tracking below 100%, then contracts were negotiated at a price less than what the Department had planned. If the percentage tracks too far below 100%, then the Department is not effectively developing its financial plan. (Note: This was a new measure in FY 2000/01 and five-year data is not available.)

RESULTS: The dollar value of the consultant contracts executed during FY 2002/03 is $339.6 million. This figure is $8.5 million more than the Department's estimate of $331.1 million. Therefore, actual contract dollar amounts are 102.6% of the Department's estimated contract value.

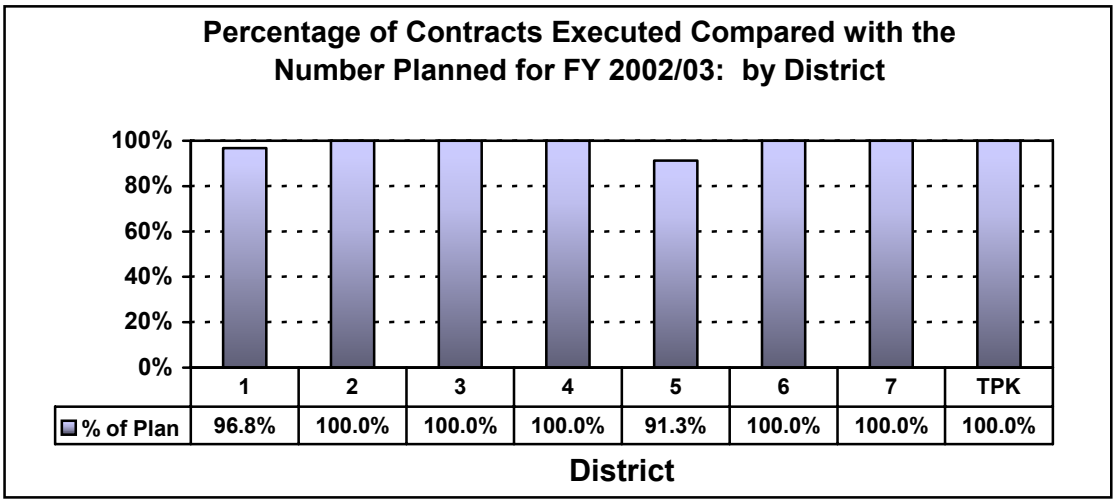


The following table shows the original estimated dollar value of executed consultant contracts and the negotiated dollar value of those contracts for each of the last five fiscal years. These numbers make up the chart presented above. (Note: As stated above, this is a new measure and historical data is not yet available.)

Statewide Consultant Contract Dollars – Estimate vs. Actual

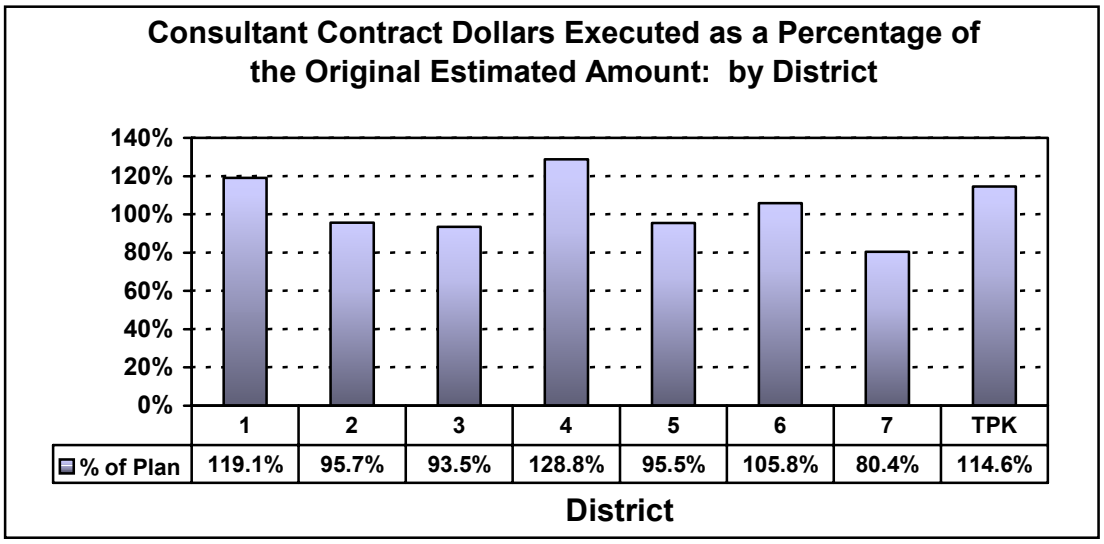
	Fiscal Year				
	1989/99	1999/00	2000/01	2001/02	2002/03
Estimate			$245.5	$263.2	$331.1
Actual			$231.8	$274.6	$339.6
% of Plan			94.4%	104.3%	102.6%

District detail information regarding consultant contracts is presented below.



District Consultant Contract Data for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
Plan	31	52	48	45	46	47	40	30
Actual	30	52	48	45	42	47	40	30
% of Plan	96.8%	100.0%	100.0%	100.0%	91.3%	100.0%	100.0%	100.0%
Additions	0	14	0	0	2	11	13	7
Total	30	66	48	45	44	58	53	37



District Consultant Contract Dollars – Estimate vs. Actual

	District							
	1	2	3	4	5	6	7	TPK
Estimate	$27.2	$23.2	$31.0	$28.5	$73.0	$20.7	$47.4	$80.1
Actual	$32.4	$22.2	$29.0	$36.7	$69.7	$21.9	$38.1	$91.8
% of Plan	119.1%	95.7%	93.5%	128.8%	95.5%	105.8%	80.4%	114.6%

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3b. RIGHT OF WAY ACQUISITION

BACKGROUND: An efficient right of way program is an essential component of achieving high levels of productivity. No construction contract is let, with the exception of design-build and some Turnpike Enterprise contracts, until all right of way parcels needed for the project are acquired and certified as "clear" (ready for construction to proceed). On design-build and some Turnpike Enterprise contracts, the right of way necessary for construction of the project must be certified as "clear" prior to the start of construction activities, not the contract letting.

Although the Department successfully negotiates the purchase of many right of way parcels, costly and lengthy condemnation proceedings must be pursued on the remaining needed parcels (title to a parcel is acquired by the State a few months after filing suit allowing construction to commence, however, court proceedings to determine the amount of compensation to be paid to the property owner may occur two or three years later). Federal and state constitutional provisions, as well as state statutes, provide safeguards for the property owner whose land is being taken, including payment of attorney fees and costs, and the right to a 12-member jury trial to determine just compensation. The timing of required court proceedings and the amount ultimately paid for the property is subject to many factors beyond the Department's control.

In the usual production cycle of a road or bridge project, the necessary right of way is acquired prior to the start of construction. When feasible, the Department acquires needed right of way far in advance of construction - purchasing *now*, rather than *later* when value has appreciated, land that will be needed for planned future roads or for widening existing roads. In many cases, not only will the State receive the benefit of today's lower prices, but it will also buy needed land before commercial or residential development has occurred, thereby avoiding large sums paid to property owners in damages and relocation expenses.

PURPOSE: A successful right of way program is one that maximizes cost avoidance strategies during negotiation and condemnation, and completes parcel acquisition in a timely manner, avoiding delays in letting the project to construction. Failure to certify all parcels on schedule for a given project may delay the project and increase project cost.

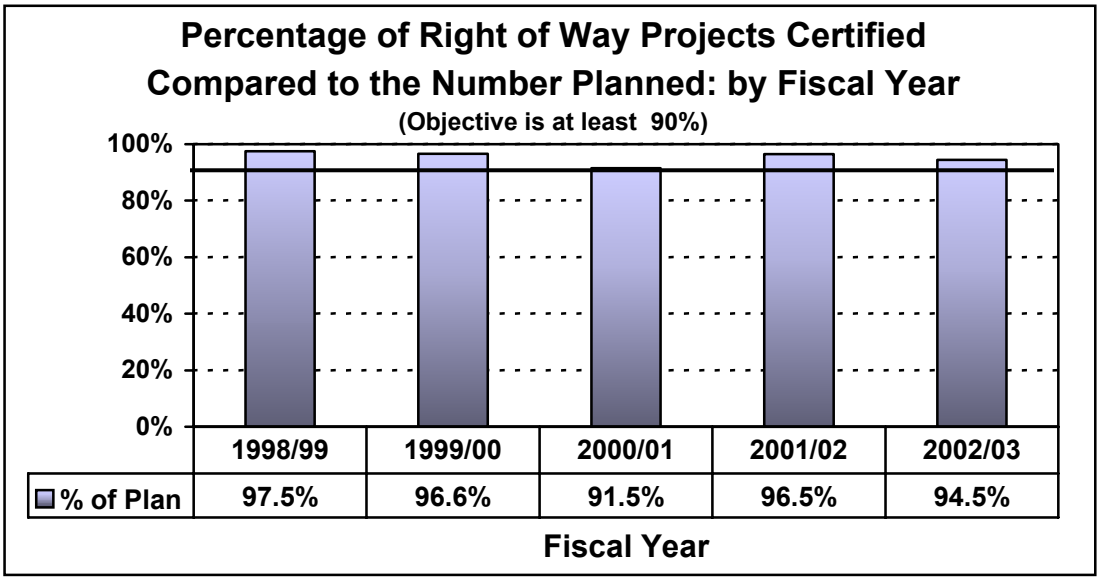
PRIMARY MEASURE: The number of projects certified compared to the number of projects scheduled for certification, expressed as a percentage.

OBJECTIVE: The Department's objective is to certify no less than 90% of those projects planned for certification during the year.

METHODOLOGY: This Measure assesses how well the Department performs in acquiring all parcels needed before a project can be let for construction. Right of way production data is received from the Central Office of Right of Way and compared with the Parcel Production Plan submitted to the Commission at the beginning of the Fiscal Year.

RESULTS: The Department achieved 94.5% of its plan, having certified right of way on 69 of 73 projects planned for the year. Two projects planned for certification in future years were advanced to certification in FY 2002/03. Nine projects not in the current or future plans were added and certified during the year.

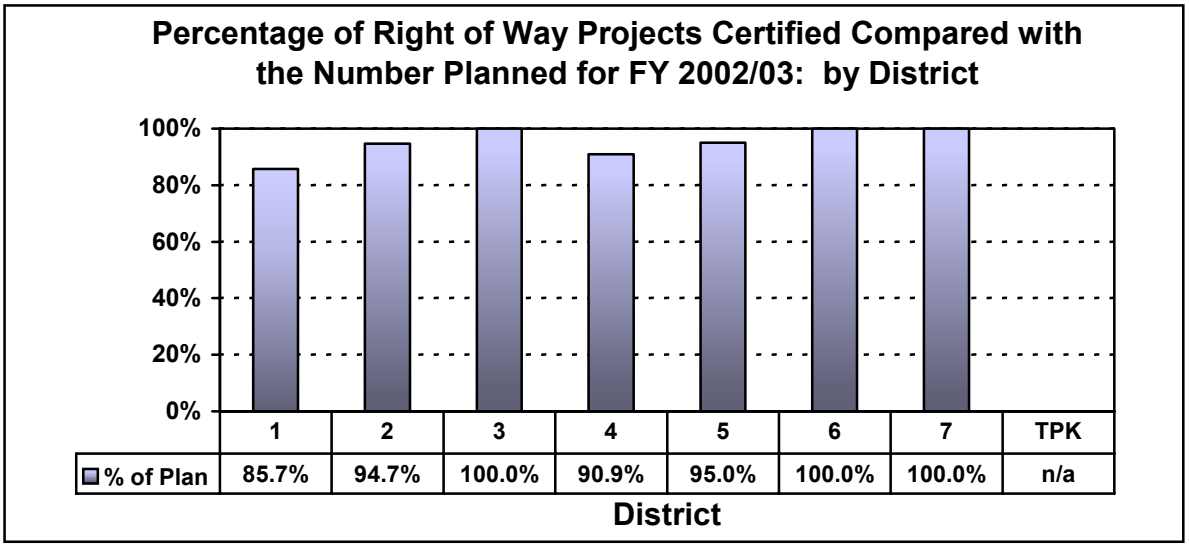
Additional Comments: The plan for FY 2002/03 (73 projects) was about 14% smaller than the plan for FY 2001/02 (85 projects). Department achievement of plan was two percentage points lower (from 96.5% to 94.5%) in FY 2002/03 than in FY 2001/02.



Five-Year Statewide Right of Way Certification Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	80	59	71	85	73
Actual	78	57	65	82	69
% of Plan	97.5%	96.6%	91.5%	96.5%	94.5%
Advanced	8	5	3	8	2
Additions	22	16	17	12	9
Total	108	78	85	102	80

District Right of Way Certification Information:



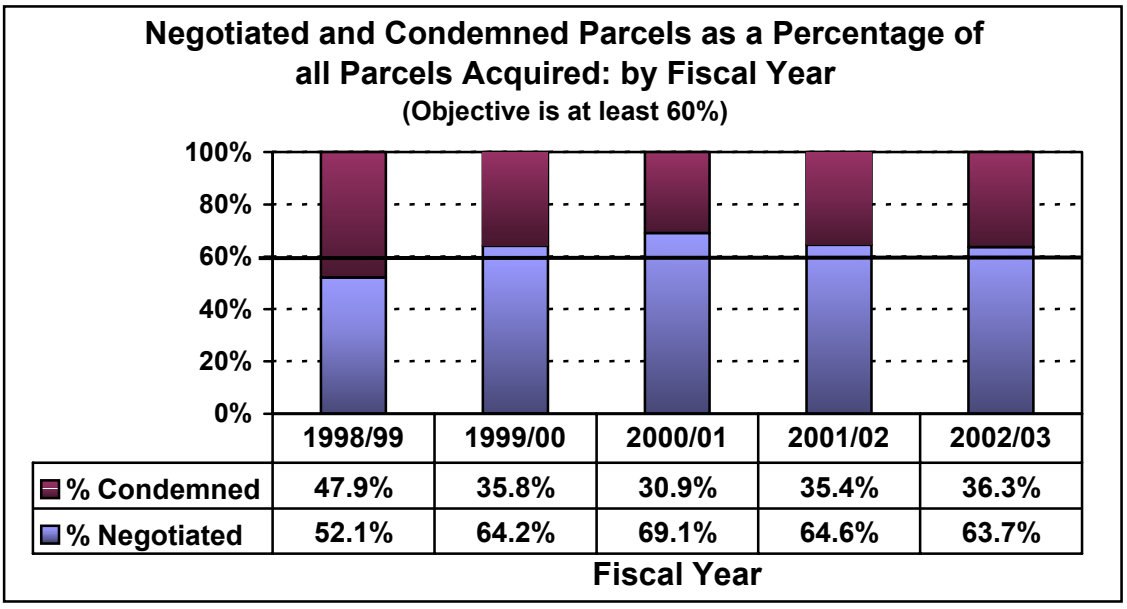
District Right of Way Certification Data for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
Plan	7	19	8	11	20	4	4	0
Actual	6	18	8	10	19	4	4	0
% of Plan	85.7%	94.7%	100.0%	90.9%	95.0%	100.0%	100.0%	n/a
Advanced	2	0	0	0	0	0	0	0
Additions	3	1	0	1	0	1	0	3
Total	11	19	8	11	19	5	4	3

The following charts and graphs present additional information and secondary measures used to assess the efficiency and effectiveness of how well the Department acquires right of way parcels and certifies projects for construction.

SECONDARY MEASURE: The number of parcels acquired through negotiation compared with the number acquired through condemnation. It is the Department's intent to negotiate the sale of all parcels.

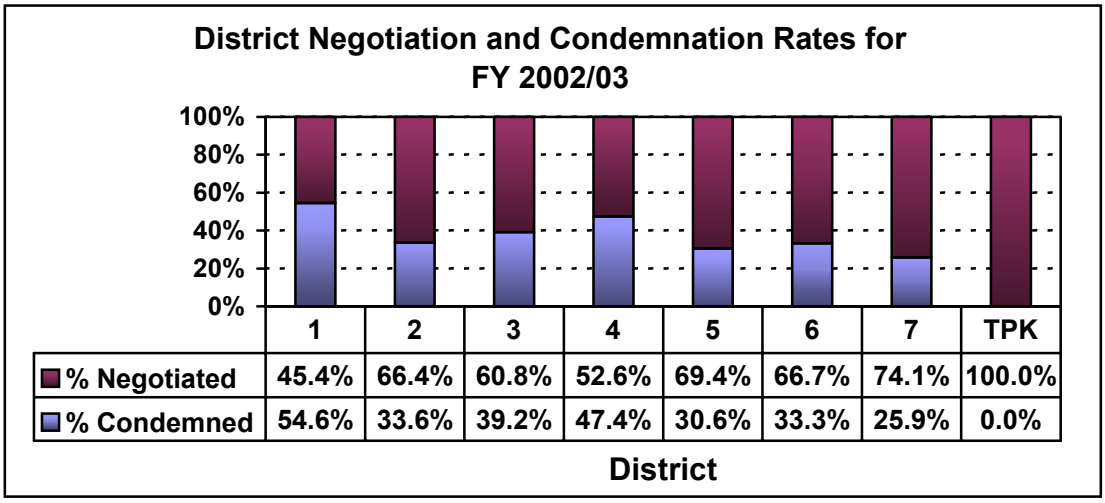
RESULTS: The Department was successful in negotiating the sale of 63.7% of the parcels it acquired during the year. This is almost four percentage points higher than the Department's objective of at least 60%, but slightly lower than in FY 2001/02.



Five-Year Statewide ROW Negotiation and Condemnation Trend Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
# Negotiated	912	1,029	1,363	1,558	1,133
# Condemned	839	574	610	854	645
Total Parcels	1,751	1,603	1,973	2,412	1,778
% Negotiated	52.1%	64.2%	69.1%	64.6%	63.7%
% Condemned	47.9%	35.8%	30.9%	35.4%	36.3%

District ROW Negotiation and Condemnation Data:

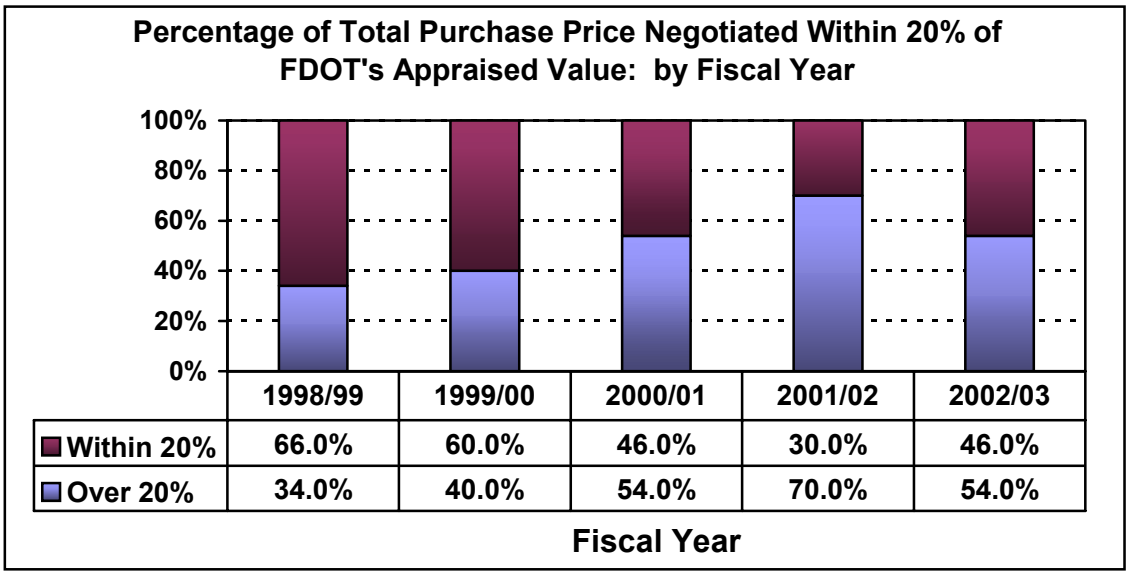


District ROW Negotiation and Condemnation Data for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
# Negotiated	84	225	240	82	234	40	223	5
# Condemned	101	114	155	74	103	20	78	0
Total Parcels	185	339	395	156	337	60	301	5
% Negotiated	45.4%	66.4%	60.8%	52.6%	69.4%	66.7%	74.1%	100.0%
% Condemned	54.6%	33.6%	39.2%	47.4%	30.6%	33.3%	25.9%	0.0%

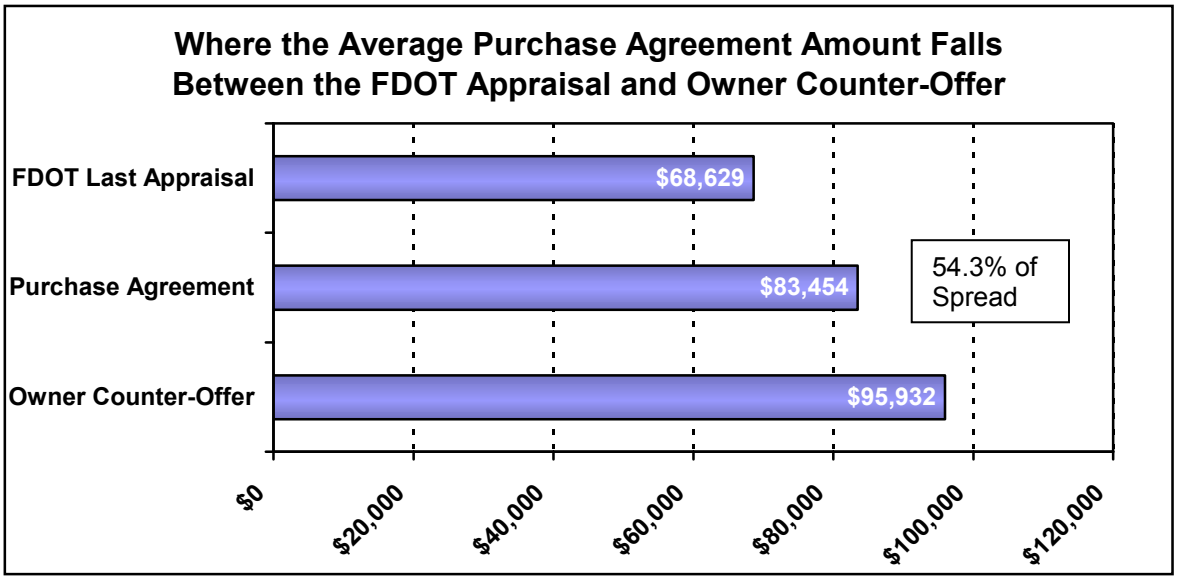
SECONDARY MEASURE: Of the total dollar amount expended for parcels acquired through negotiation, the percentage of that total amount used to purchase parcels within 20 percent of the appraised value. (This measure does not include donated parcels.)

RESULTS: For 921 parcels acquired by negotiation during FY 2002/03, 46% of the $76.9 million expended acquired parcels at a price within 20% of the department's appraised value. The FY 2002/03 percentage is 16 points higher (30% to 46%) than in FY 2001/02.



SECONDARY MEASURE: For negotiated parcels, the following charts show where the average purchase agreement amount falls between the average of FDOT's last appraisal and the average property owner's counter-offer amount.

RESULTS: The average purchase agreement amount for 921 negotiated parcels was 54.3% of the spread between FDOT's last appraisal and the property owner's counter-offer.



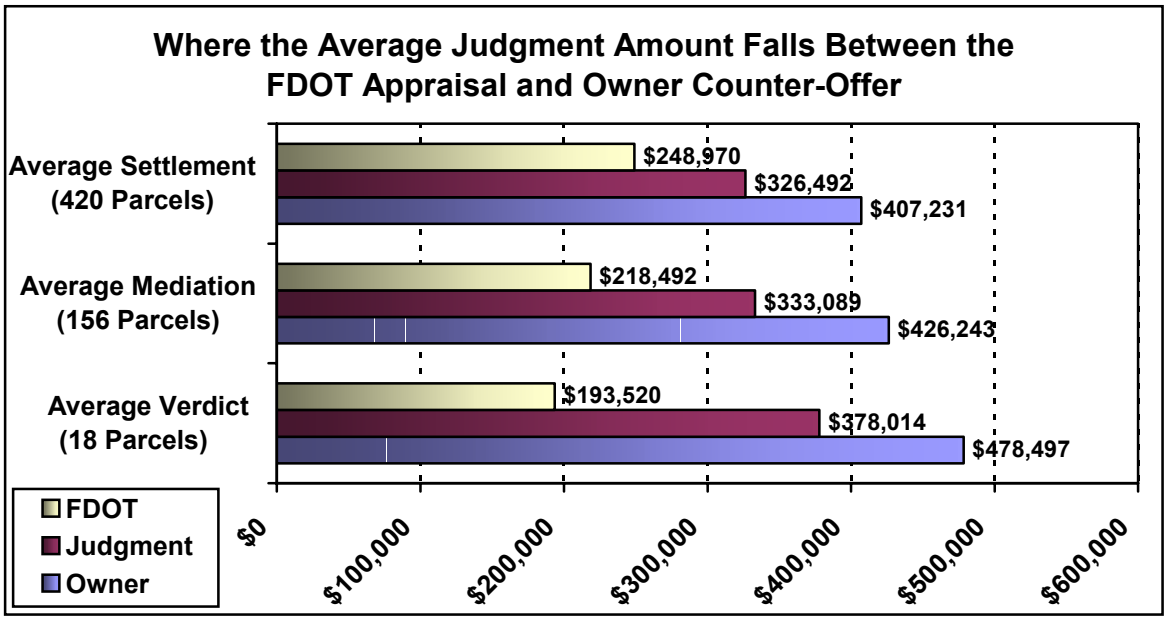
SECONDARY MEASURE: For litigated (condemned) parcels, the following chart shows where the average judgment amount falls between the average of FDOT's last appraisal and the average property owner's counter-offer amount for those cases resolved through a settlement, mediation, or a court verdict.

RESULTS: From the standpoint of where final judgment amounts fell in the spread between the Department's appraised value and the landowner's appraisal or counter-offer, the following occurred during FY 2002/03:

- For the average settlement, the final judgment was 49.0% of the spread;
- For the average mediation, the final judgment was 55.2% of the spread;
- For the average verdict, the final judgment was 64.7% of the spread.

Comparing with last year's results:

- For the average settlement, final judgments in FY 2002/03 were 5.9 percentage points closer to the landowners' counter offer than in FY 2001/02 when the average was 43.1% of the spread.
- For the average mediation, final judgments in FY 2002/03 were 17.5 percentage points closer to the landowners' counter offer than in FY 2001/02 when the average was 37.7% of the spread.
- For the average verdict, final judgments in FY 2002/03 were three tenths of a percentage point closer to the Department's appraised value than in FY 2001/02 when the average was 65.0% of the spread.



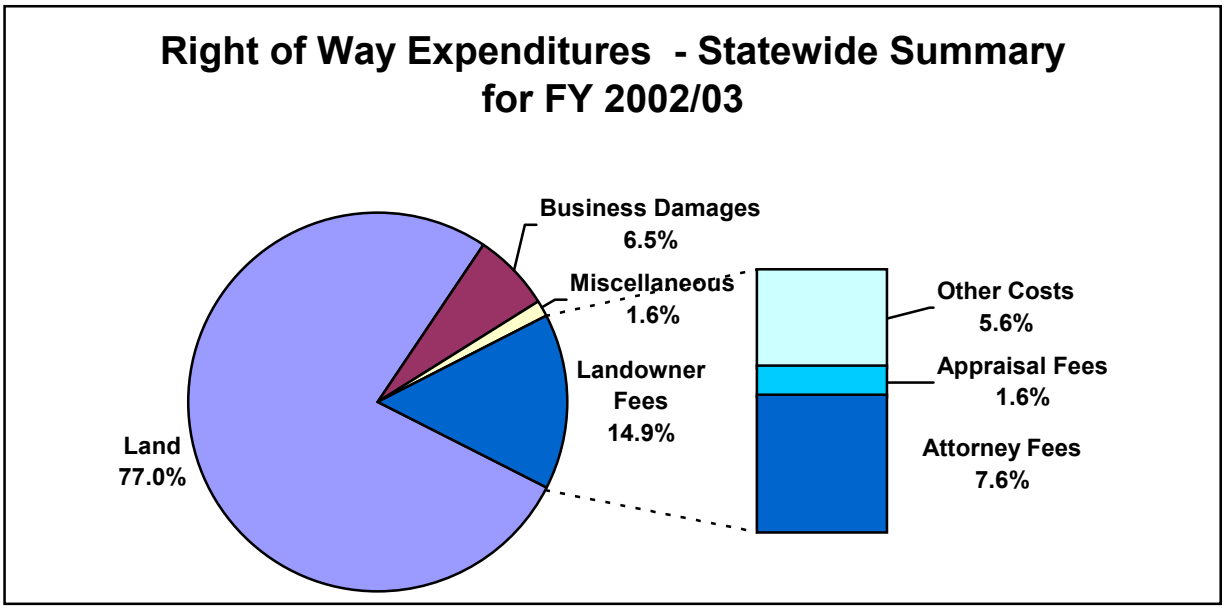
"Settlement" is a final judgment wherein all interests in a parcel are resolved prior to trial and outside mediation.
"Mediation" is a settlement achieved during a formal session mediated by an approved third party mediator.
"Verdict" is a final judgment following a trial.

SECONDARY MEASURE: The following table and chart break down ROW expenditures in an effort to identify how much money was actually used to purchase land and how much was used for ancillary ROW expenditures. A successful ROW Program is one that balances cost avoidance strategies with the need to acquire parcels in a timely, but yet, cost-effective manner.

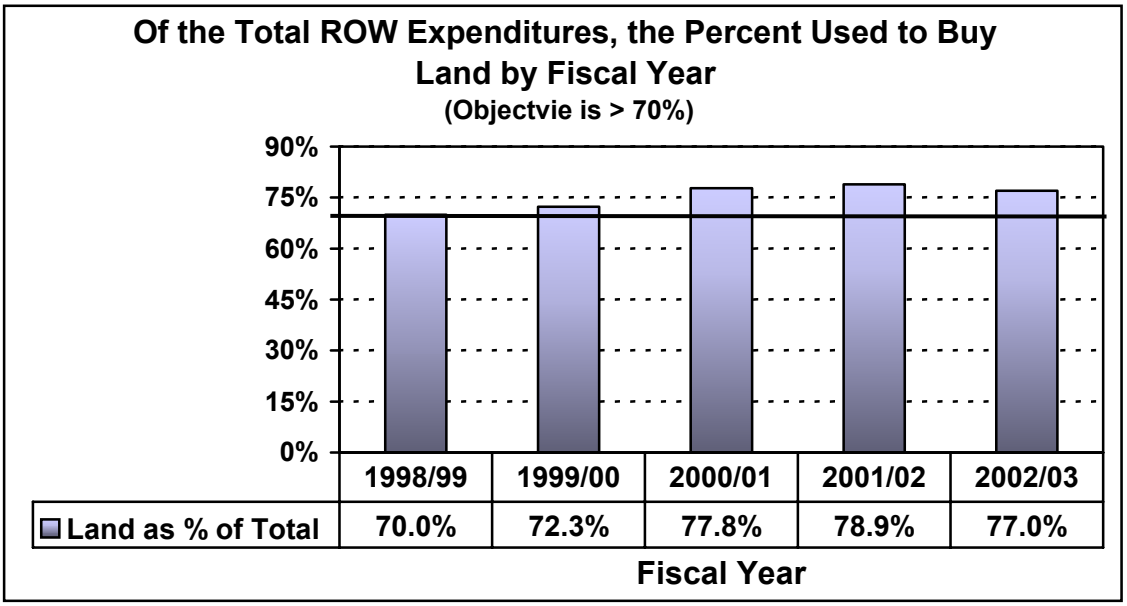
RESULTS: Right of way expenditures totaled $443.3 million during FY 2002/03. Of that total, 77.0% (or $341.4 million) purchased land compared to 78.9% in FY 2001/02. About 15% (or $66.0 million) paid landowners' fees and costs, 51% (or $33.9 million) of that being paid to landowners' attorneys.

Right of Way Expenditure Data Compared to Expenditure Data from FY 2002/03

ROW Expenditures Statewide	FY 2001/02		FY 2002/03		Change	
	$	%	$	%	$	%
Land	$372.8	78.9%	$341.4	77.0%	-$31.4	-1.9%
Business Damages	$22.4	4.7%	$28.8	6.5%	$6.4	1.8%
Landowner Fees	$67.4	14.3%	$66.0	14.9%	-$1.4	0.6%
Miscellaneous	$9.6	2.0%	$7.1	1.6%	-$2.5	-0.4%
Total	$472.2	100.0%	$443.3	100.0%	-$28.9	-6.1%



The chart below illustrates the five-year trend of ROW expenditures used to purchase.



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3c. CONSTRUCTION CONTRACTS

BACKGROUND: The construction phase cannot begin until the Department lets the project (carries out the bidding process) and awards a construction contract to the construction firm that will actually build the facility. The Florida Department of Transportation, Contracts Administration Office advertises and awards road and bridge construction contracts. Most state funded construction contracts less than $1 million and maintenance contracts are handled by the District Contracts Offices. Contractors must be prequalified to bid on road and bridge construction contracts over $250,000.

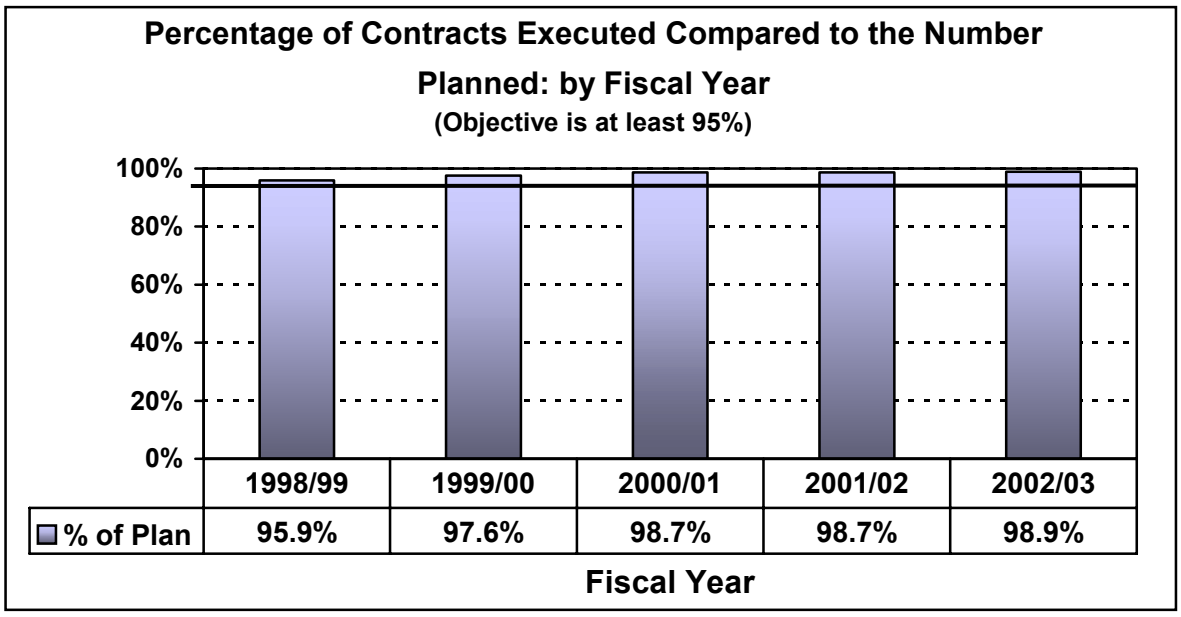
PURPOSE: The construction phase results in the final, tangible product of the Department. The construction program comprises about 43% of total dollars in the work program. The public's foremost concern is "Did the Department build the projects it committed to build, and did it do so when it promised to?" The following measure and data assess the Department's performance in keeping its commitments to initiate the construction of planned roads, bridges and other transportation facilities.

PRIMARY MEASURE: The number of Construction Contracts actually executed compared against the number of construction contracts the Department planned to execute during the year.

OBJECTIVE: Although there are valid reasons for not executing some construction contracts, some of which are out of the Department's control, the Department's objective is to execute no less than 95% of those contracts planned to be let during the year.

METHODOLOGY: This measure assesses how well the Department performed in executing construction contracts on the projects it committed to execute during the year. Data is collected from the Department's Production Management Office that identifies those contracts that were actually executed including the contract award amount. This data is then compared against the construction contract plan established prior to the beginning of the fiscal year.

RESULTS: For FY 2002/03, the Department achieved 98.9% of its plan, having executed 458 of the 463 projects it planned to execute during the year. The Department also executed an additional 52 projects that were not included in the current or future plans.



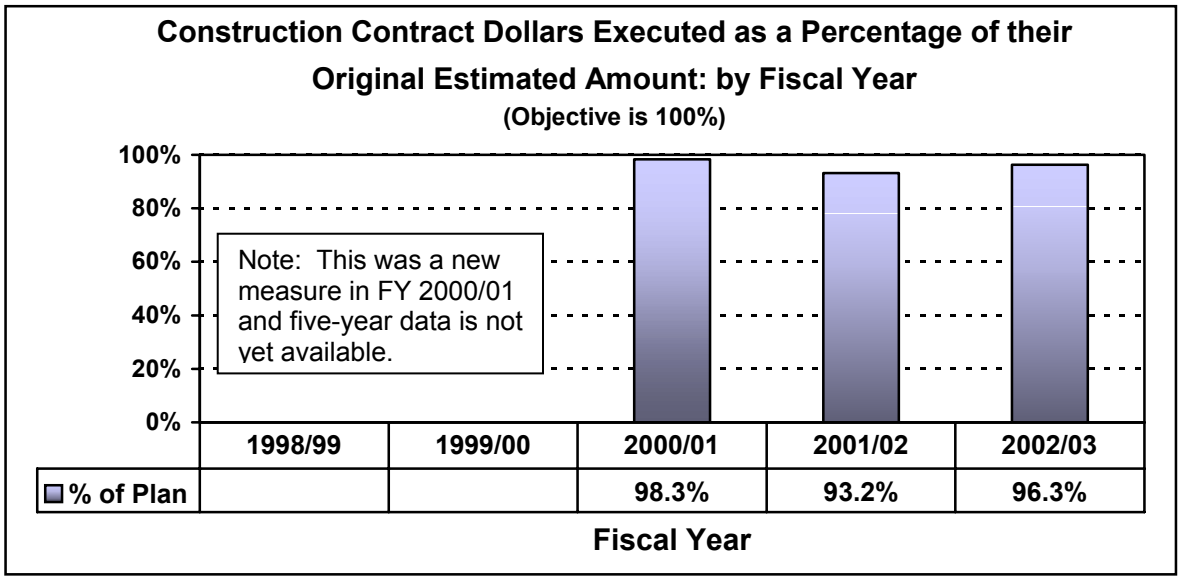
Five-Year Statewide Construction Contract Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Plan	538	499	475	530	463
Actual	516	487	469	523	458
% of Plan	95.9%	97.6%	98.7%	98.7%	98.9%
Advanced FY	11	6	2	0	0
Additions	59	48	66	60	52
Total	586	541	537	583	510

Additional Comments: The plan for FY 2002/03 was 12.6% smaller than the plan for FY 2001/02, largely due to the Governor's Economic Stimulus program which amended 63 projects into last year's plan. The Department's achievement of plan in FY 2002/03 increased by two-tenths of a percentage point over the previous year's.

SECONDARY MEASURE: The following chart and table compare the dollar value of the construction contracts executed during the year with their original estimated value. This information is an indicator of how well the Department develops its financial plan and estimates the contract amount. For instance, if the percentage of the dollar value of contracts executed is tracking below 100%, then contracts were executed at a price less than what the Department had planned. If the percentage tracks too far below 100%, then the Department is overestimating project amounts which ties up dollars in its financial plan that can be allocated towards other projects or for other purposes. (Note: This was a new measure in FY 2000/01 and five-year data is not yet available.)

RESULTS: The 458 projects let during the year were estimated to cost a total of $1,487.4 million, and were let at an actual cost of $1,432.5 million, or at 96.3% of their estimated cost. From a dollar standpoint, the plan for FY 2002/03 was 29.8% smaller than the plan for FY 2001/02. The total dollar volume let during FY 2002/03 ($1,524.8 million, including additions) was $571.7 million less than the total amount let in FY 2001/02 ($2,096.5 million).



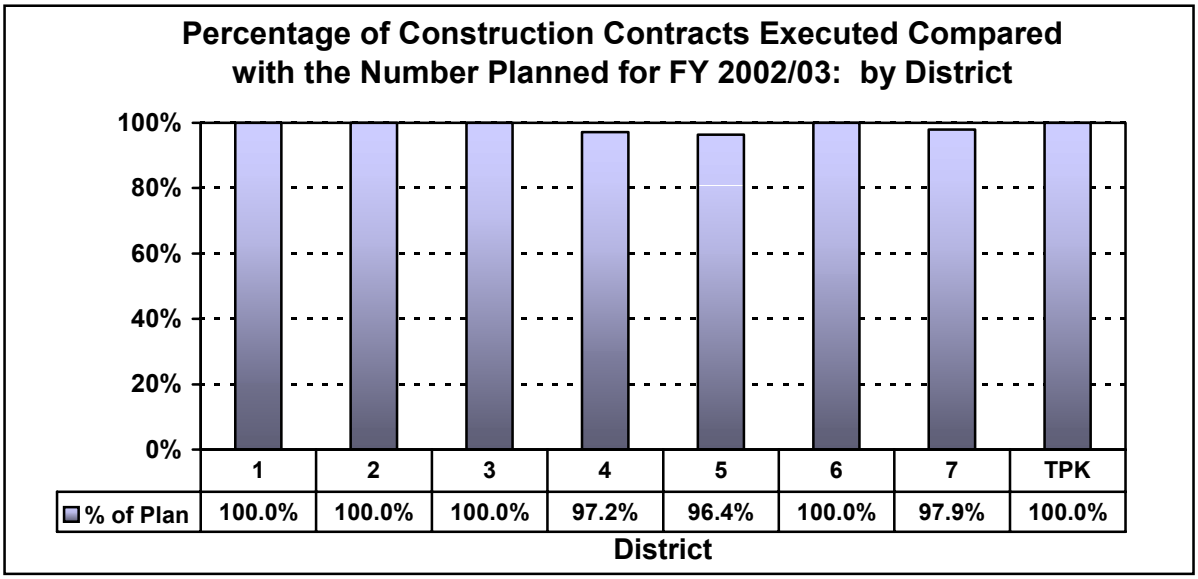
The following table shows the original estimated dollar value of executed construction contracts and the executed dollar value of those contracts for each of the last five fiscal years. These numbers

make up the previous chart. (Note: As stated above, this was a new measure in FY 2000/01 and historical data is not yet available.)

Statewide Construction Contract Dollars – Estimate vs. Actual

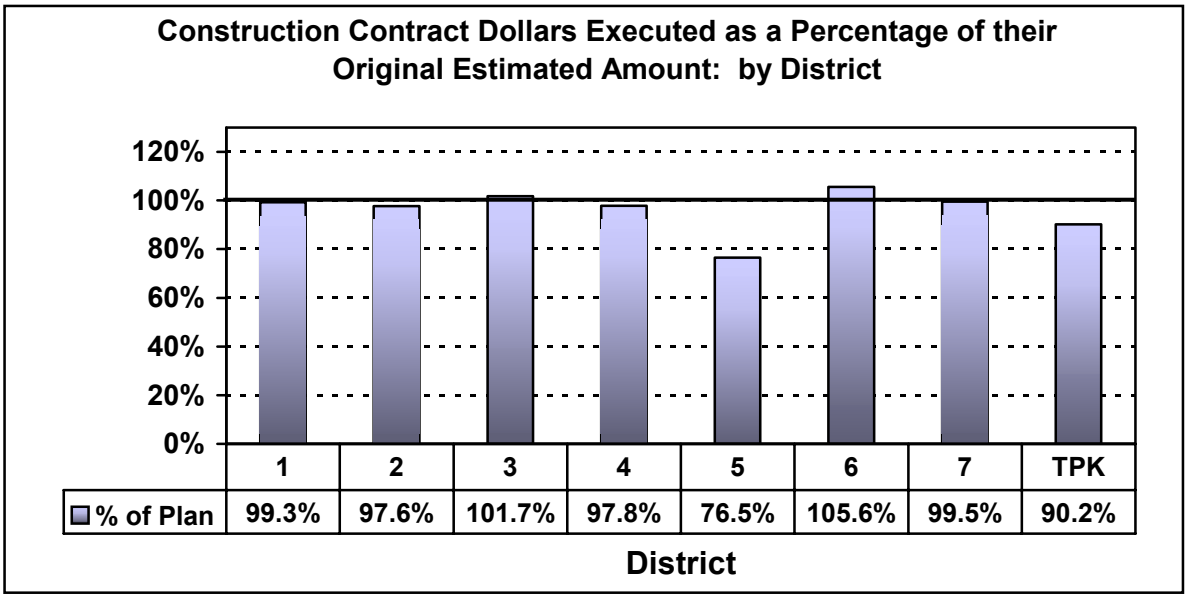
	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Estimate			$1,443.7	$2,184.1	$1,487.4
Actual			$1,419.0	$2,035.8	$1,432.5
% of Plan			98.3%	93.2%	96.3%

District information regarding construction contracts is presented in the following charts and tables.



District Construction Contract Data for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
Plan	74	70	65	71	56	50	47	30
Actual	74	70	65	69	54	50	46	30
% of Plan	100.0%	100.0%	100.0%	97.2%	96.4%	100.0%	97.9%	100.0%
Advanced FY	0	0	0	0	0	0	0	0
Additions	8	1	10	10	11	10	1	1
Total	82	71	75	79	65	60	47	31



District Construction Contract Dollars: - Estimate vs. Actual for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
Estimate	$214.5	$189.1	$138.6	$303.6	$194.8	$126.8	$274.1	$45.9
Actual	$213.1	$184.6	$140.9	$297.0	$149.0	$133.9	$272.6	$41.4
% of Plan	99.3%	97.6%	101.7%	97.8%	76.5%	105.6%	99.5%	90.2%

Interstates 4 and 275 interchange construction – Tampa.

3d. CONSTRUCTION CONTRACT ADJUSTMENTS

BACKGROUND: After the Department and construction firm contract for construction of a road or bridge project and construction commences, the contract time (number of days to complete the project established by the Department) and contract amount (cost of the project established by the successful contractor's bid) may be adjusted due to a variety of factors. These factors include time lost due to rain or other inclement weather conditions, unanticipated environmental or soil conditions (e.g., discovery of hazardous waste on a site), design changes or omissions, and equipment, material, or workforce-related problems of the construction contractor.

PURPOSE: The public expects that a project will be delivered "within budget and on schedule." It is important to assess how well the Department manages its construction contracts as it relates to containment of cost and time increases. As explained above, however, some increases are beyond the Department's control.

The following pages cover Contract Time Adjustments and Contract Cost Adjustments in detail.

Vilano Beach Bridge construction.

CONSTRUCTION CONTRACT TIME ADJUSTMENTS

The original contract time will predictably increase due to time extensions granted for inclement weather conditions. These increases are excluded from the performance measure since they are unavoidable. Beyond "weather days," additional time is granted for a variety of other reasons, including extra work, special events (parades, etc.), plan or design changes, material testing delays, and utility relocation delays. Additional days are granted by the Department through time extensions, which grant additional time only, and through supplemental agreements, which authorize additional work and often necessitate additional time. However, when a contractor fails to complete the project within the original contract time plus any authorized time extensions, he is declared delinquent by the Department and must pay liquidated damages for each day he is delinquent.

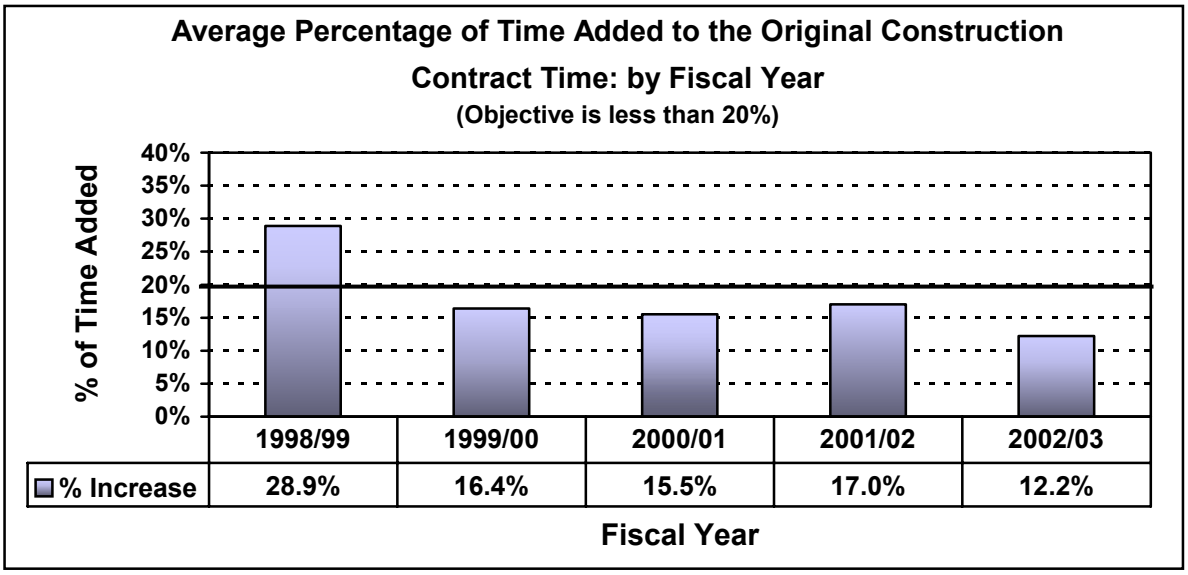
PRIMARY MEASURE: For all construction contracts completed during the Fiscal Year, the original contract time compared against the actual days used to complete the project. This analysis excludes days that have been added to a contract due to inclement weather, since weather days are out of the control of the Department. (Note: This measure had been revised in FY 2000/01. Prior to that, the Commission tracked the number of additional days authorized by the Department on a contract, whether the contractor actually used all the additional authorized days or not. This does not reflect the actual impact construction has on the traveling public. Therefore, the Commission is now tracking the actual additional days used by the contractor, not the days authorized on a project. Another change was made this past fiscal year. With the inception of a new contract management system, the Department now has the ability to track contract information on construction contracts let in the district offices. Therefore, the results for FY 2002/03 include information on both Central Office and district-let contracts.)

OBJECTIVE: Although there are justifiable reasons for extending the contract time on a project, the Department's objective is to keep time adjustments to a minimum and complete the project as soon as possible to reduce construction impacts to the traveling public. Therefore, the Department strives to keep contract time adjustments under 20% of the original contract time.

METHODOLOGY: This measure assesses the Department's performance in containing contract time increases and indicates, for those factors within the Department's control, where performance can be improved. The Department has a contract management system that tracks time extensions to construction contracts. This data is pulled together by the Central Construction Office for all projects completed during the fiscal year. ("Completed" being defined as contracts, where the final estimate was completed, all known claims were settled, and documentation was "passed" to the Comptroller's Office for final payment to the contractor. In most cases, the physical project has been completed for some time and the public has been enjoying its benefits.) The result is a compilation of the original contract time compared to the number of additional days used by the contractor to complete the project. Commission staff analyzes the data and calculates the percentage of days added.

RESULTS: For the 475 construction contracts completed during FY 2002/03, the original contract time increased an average of 12.2% as a result of days added to the contract and used by the contractor (excluding weather days).

Additional Comments: The percentage increase in contract time (excluding weather days) on completed contracts was almost five percentage points lower (12.2%, down from 17.0%) in FY 2002/03 than in FY 2001/02.

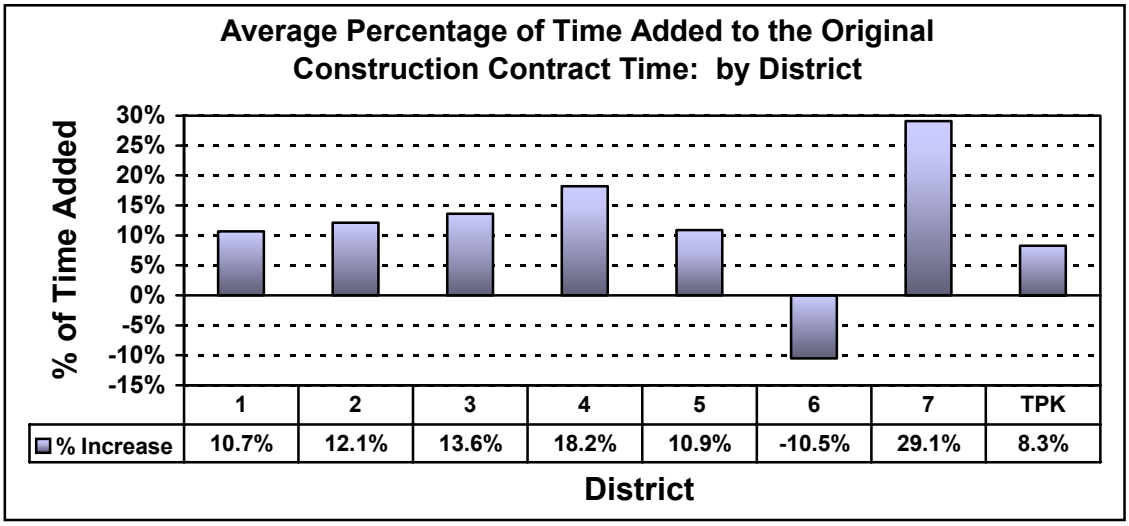


The following table shows the aggregate of original construction contract time, as established by the Department in the contract document, for all projects completed during the fiscal year compared against the final aggregate contract time (original number of contract days plus any additional days the contractor used to complete the project). These numbers make up the chart presented above.

Five Year Construction Contract Time Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Original Days	81,985	72,583	84,261	80,525	100,060
Additional Days	23,685	11,897	13,040	13,726	12,235
Total Days	105,670	84,480	97,301	94,251	112,295
% Increase in Time	28.9%	16.4%	15.5%	17.0%	12.2%
# of Contracts	357	346	362	323	475

The following chart and table present the construction contract time data for the current fiscal year by individual District.

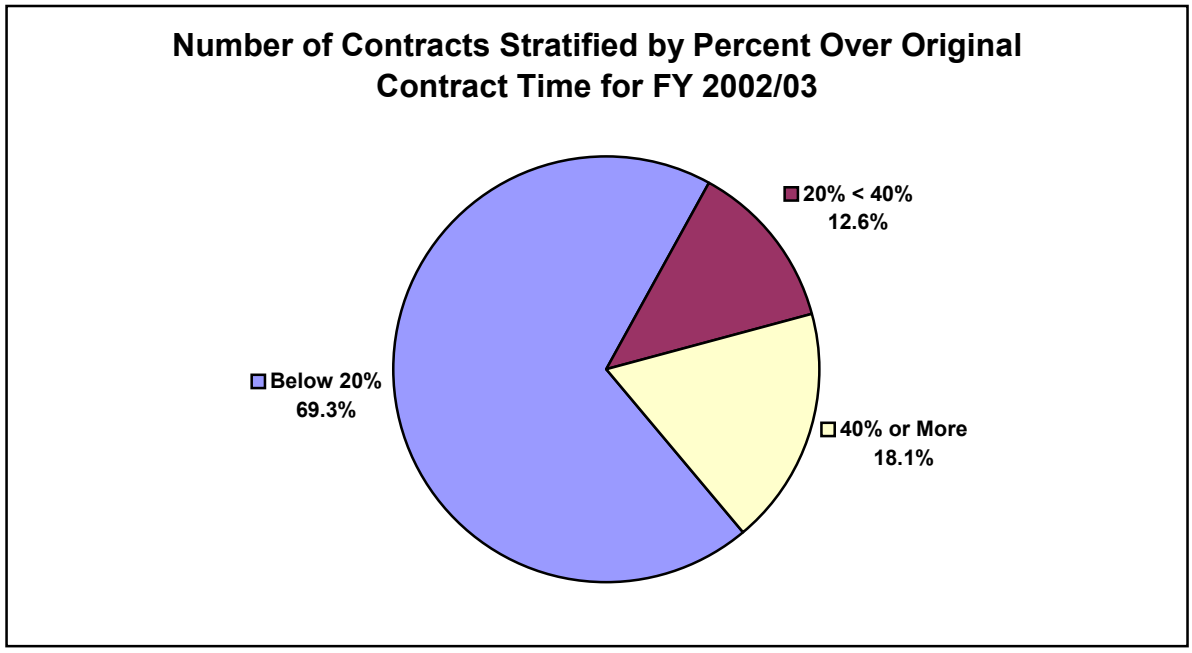


District Construction Contract Time Data for FY 2002/03

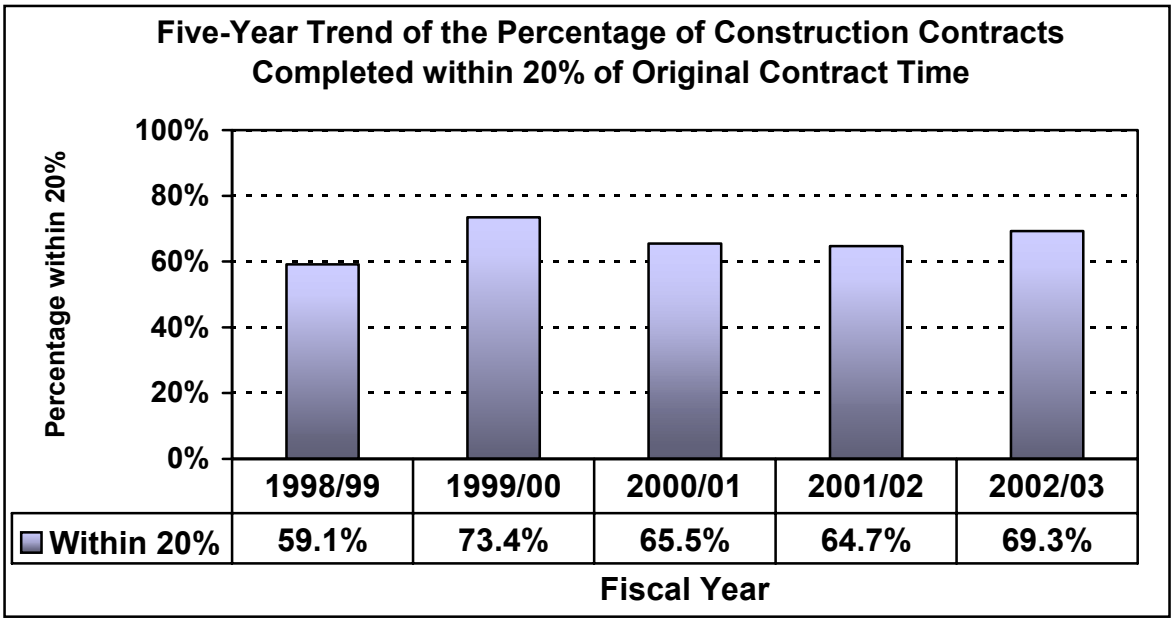
	District							
	1	2	3	4	5	6	7	TPK
Original Days	10,499	17,635	22,258	10,480	11,783	9,059	10,499	7,847
Additional Days	1,121	2,133	3,036	1,911	1,281	-952	3,051	654
Total Days	11,620	19,768	25,294	12,391	13,064	8,107	13,550	8,501
% Increase in Time	10.7%	12.1%	13.6%	18.2%	10.9%	-10.5%	29.1%	8.3%
# of Contracts	46	90	114	46	59	37	60	23

SECONDARY MEASURE: The following chart and table illustrate the number and percentage of all construction contracts completed during the fiscal year stratified by percentage increase over original time: less than 20% over original time; 20% to less than 40% over original time; and 40% or more over original time.

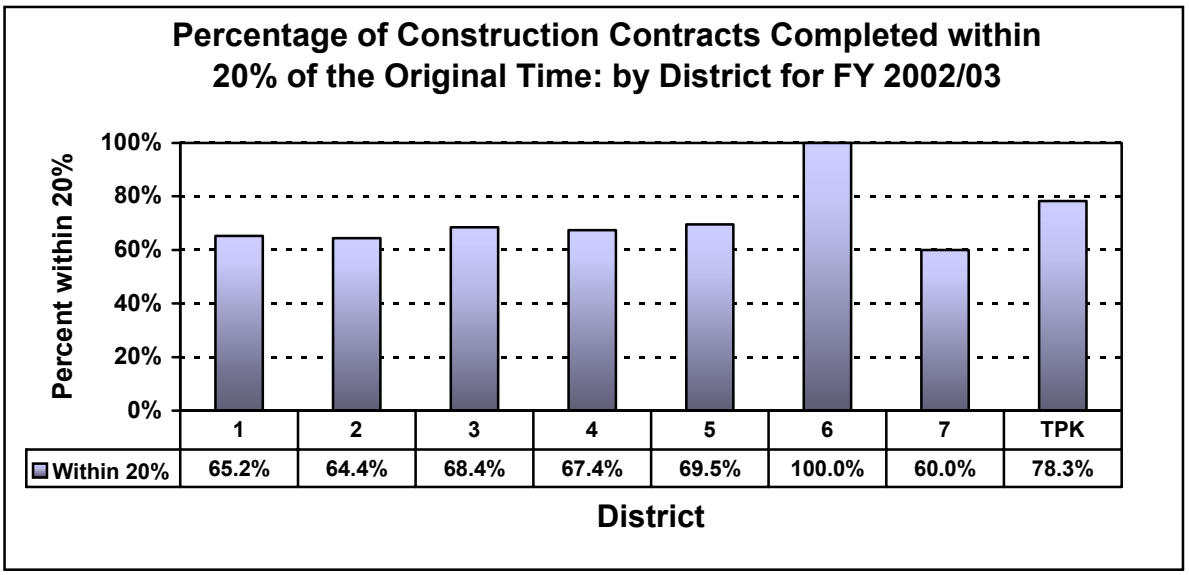
RESULTS: Of the 475 construction contracts completed during FY 2002/03, 329 of them, or 69.6% of the contracts, overran their original contract time by less than 20% as a result of additional days granted and used (excluding weather days); on 12.6%, the original contract time increased by at least 20% but less than 40%; and on 18.1% of all contracts completed, the original contract time increased by 40% or more.



% Over Original Time	# of Contracts	% of Total
Below 20%	329	69.3%
20% < 40%	60	12.6%
40% or More	86	18.1%
Total	475	100.0%



The chart and table below show the percentage of construction contracts that were completed within 20% of the original contract time for each district.



Contracts Completed Within 20% of Original Time
District Detail for FY 2002/03

	District							
	1	2	3	4	5	6	7	TPK
# of Contracts	46	90	114	46	59	37	60	23
# Under 20%	30	58	78	31	41	37	36	18
Percent under 20%	65.2%	64.4%	68.4%	67.4%	69.5%	100.0%	60.0%	78.3%

CONSTRUCTION CONTRACT COST ADJUSTMENTS

Increases in cost frequently occur due to the authorization of additional work as the project progresses. Even though a small percentage increase in cost is generally expected, and the Department reserves funds for this purpose, significant cost increases could result in delaying planned projects and could indicate a problem in quality of design plans and specifications or in contract management.

It is generally accepted in the construction industry that the contract amount will increase by a small percentage of the original bid amount due to a variety of unanticipated conditions and unexpected events. Such cost increases are authorized by "supplemental agreement" (a contract amendment authorizing the contractor to perform additional work and to receive additional payment). In the event that the Department disagrees with a request for additional payment by the contractor, the contractor files a claim, which when resolved (through administrative or legal channels), may be paid in part or in full and may also add to project cost. Also, individual work items on a contract may be increased up to five percent as a minor cost overrun. Minor cost overruns are expected due to the difficulty of estimating the exact quantities of individual work items required on a project. Anything over a five percent increase must be authorized through a supplemental agreement.

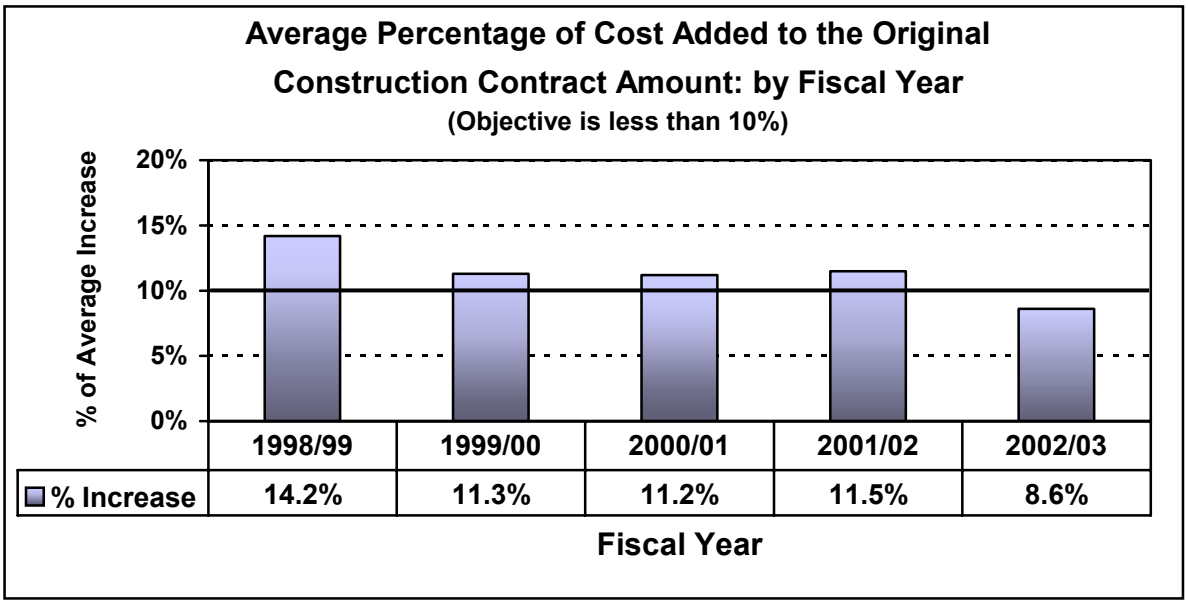
PRIMARY MEASURE: The original contract amount compared against the final amount paid on all construction contracts completed during the Fiscal Year. (Note: This measure was revised in FY 2000/01. Prior to that point, not all cost adjustments made through minor overruns/underruns were included in this analysis due to contract management processes. These costs are now being captured and are reflected in the data. Another change was made this past fiscal year. With the inception of a new contract management system, the Department now has the ability to track contract information on construction contracts let in the district offices. Therefore, the results for FY 2002/03 include information on both Central Office and district-let contracts.)

OBJECTIVE: The Department's objective is to keep cost adjustments to a minimum and complete the project within the proposed budget. Therefore, the Department strives to keep contract cost adjustments within 10% of the original contract amount.

METHODOLOGY: This Measure compares the original contract amount with the final contract amount following acceptance of the work by the Department and final payment to the contractor. This data is compiled by the Central Construction Office for all projects completed during the fiscal year. ("Completed" being defined as contracts, where the final estimate was completed, all known claims were settled, and documentation was "passed" to the Comptroller's Office for final payment to the contractor.) The result is a compilation of the original contract amount compared to the final contract amount paid to the contractor to complete the project. Commission staff analyzes the data and calculates the percentage of the increase in cost due to supplemental agreements and minor cost overruns/underruns.

RESULTS: For the 475 contracts completed during FY 2002/03, the total original contract amount of $1,400.8 million increased by 8.6% due to cost adjustments, for a total final contract amount of $1,522.0 million.

Additional Comments: The percentage increase in contract cost on completed contracts was almost three percentage points lower (8.6%, down from 11.5%) in FY 2002/03 than in FY 2001/02.

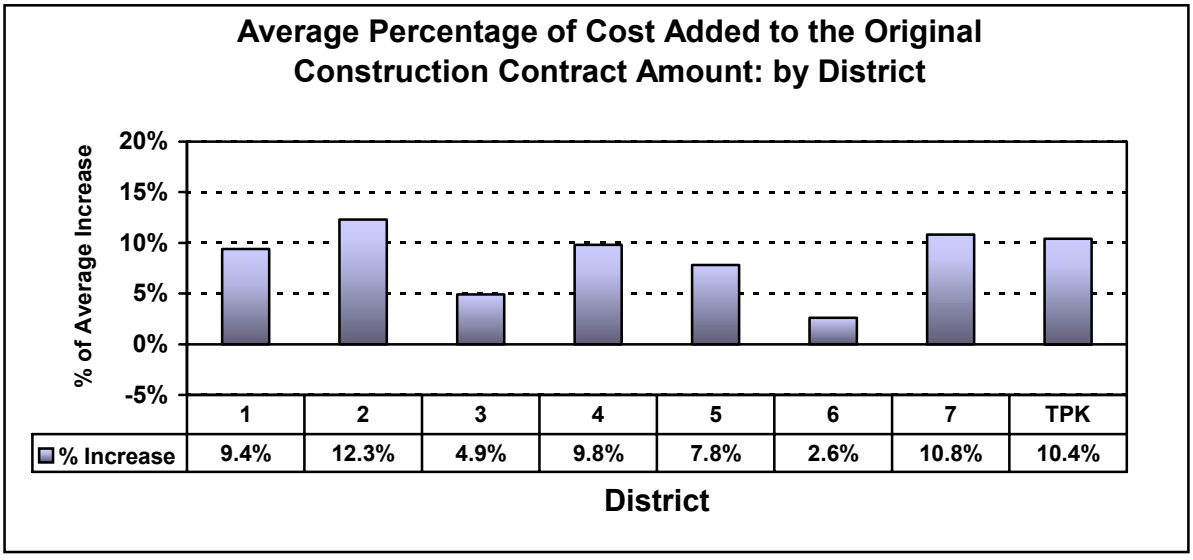


The following table shows the aggregate data of the original construction contract amounts, as established by the contract bid, for all projects completed during the fiscal year compared against the final aggregate contract amount (original contract amount plus any additional money added to the contract through either a supplemental agreement or minor cost overrun). These numbers make up the chart presented above.

Five Year Construction Contract Amount Data

($ in millions)	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Original Amount	$1,193.1	$794.7	$1,112.1	$1,112.6	$1,400.8
Additional Amount	$169.7	$90.1	$124.8	$127.7	$121.1
Total Amount	$1,362.8	$884.8	$1,236.9	$1,240.3	$1,522.0
% Increase in Cost	14.2%	11.3%	11.2%	11.5%	8.6%
# of Contracts	357	346	362	323	475

The chart and table below present the construction contract cost adjustment data for the current fiscal year by individual district.

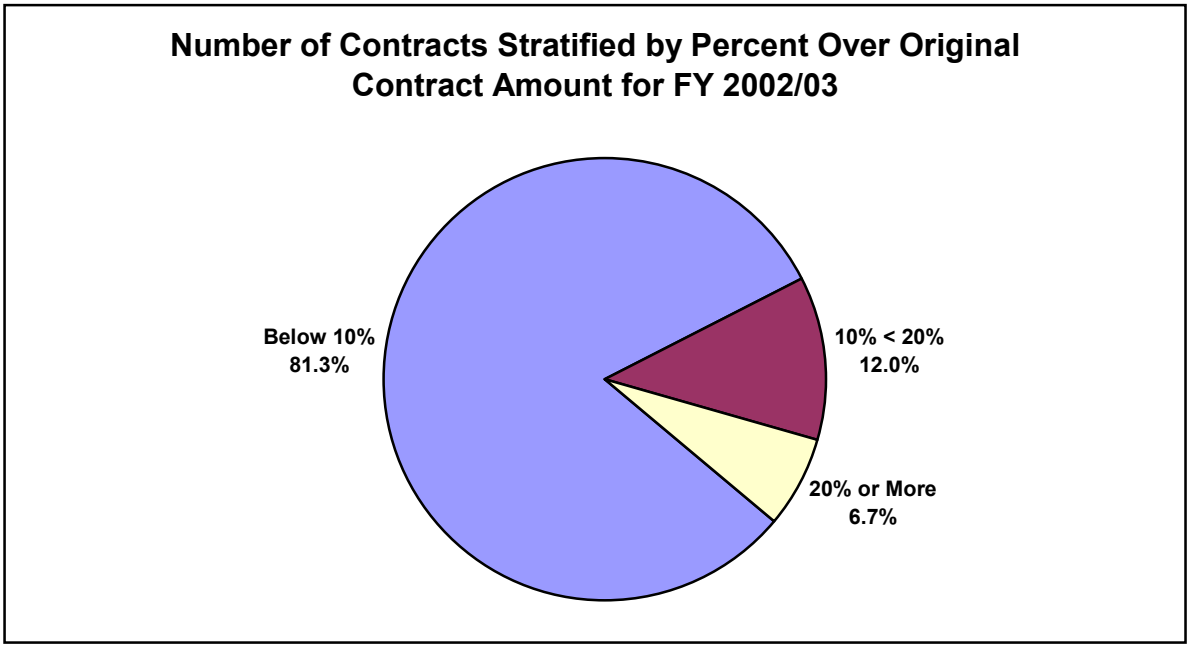


District Construction Contract Cost Data for FY 2002/03

($ in millions)	District							
	1	2	3	4	5	6	7	TPK
Original Amount	$130.9	$241.7	$251.0	$113.5	$134.5	$140.9	$237.2	$151.1
Additional Amount	$12.3	$29.8	$12.4	$11.2	$10.5	$3.6	$25.6	$15.7
Total Amount	$143.2	$271.5	$263.4	$124.7	$145.0	$144.5	$262.8	$166.8
% Increase in Cost	9.4%	12.3%	4.9%	9.8%	7.8%	2.6%	10.8%	10.4%
# of Contracts	46	90	114	46	59	37	60	23

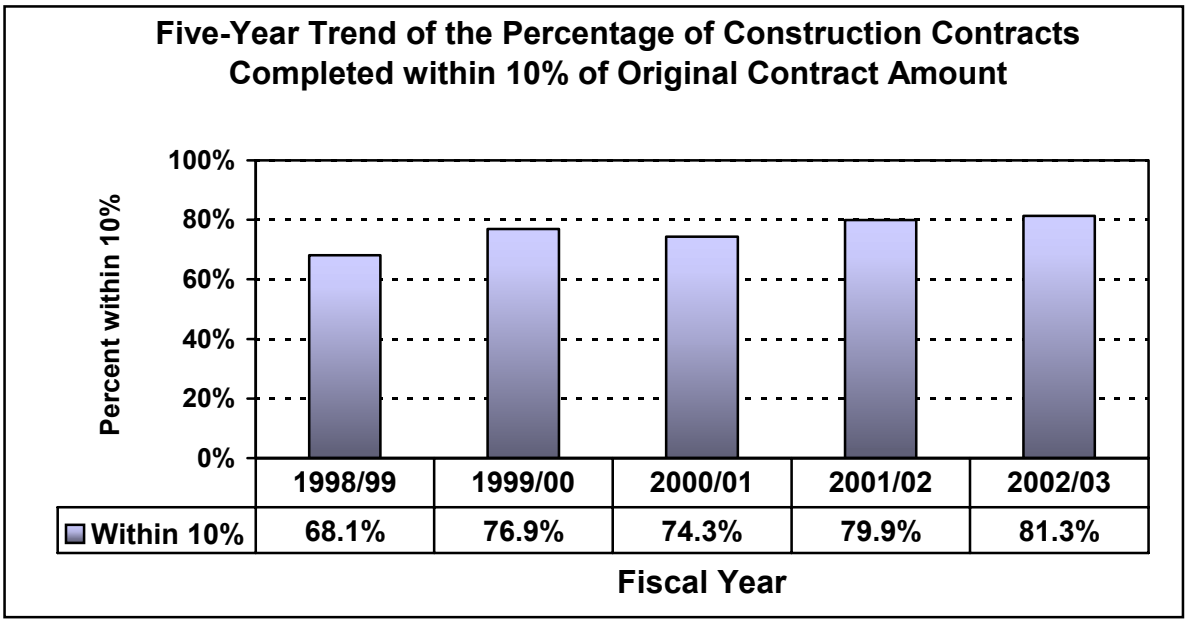
SECONDARY MEASURE: The chart and table below illustrate the number and percentage of construction contracts completed during the fiscal year, stratified by percentage increase over original contract amount: less than 10% over original time; 10% to less than 20% over original time; and 20% or more over original time.

RESULT: Of the 475 construction contracts completed during FY 2002/03, on 386 of them, or 81.3%, the original contract amount increased by less than 10% as a result of supplemental agreements and minor cost adjustments; on 12.0%, the original contract amount increased by at least 10% but less than 20%; and on 6.7% of all contracts completed, the original contract amount increased by 20% or more.

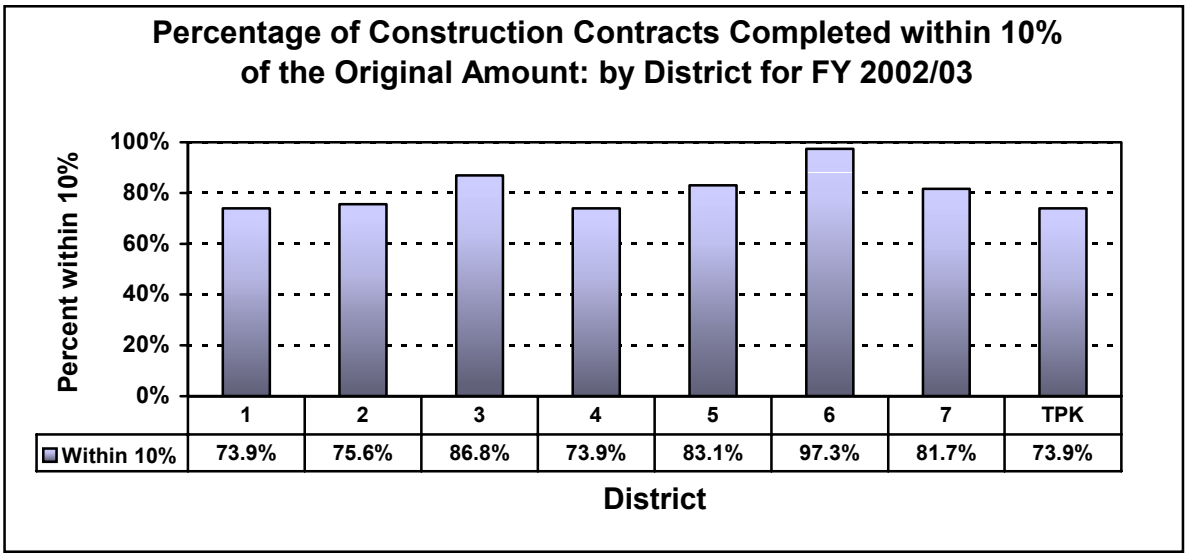


% Over Original Amount	# of Contracts	% of Total
Below 10%	386	81.3%
10% < 20%	57	12.0%
20% or More	32	6.7%
Total	475	100.0%

The chart on the next page is for informational purposes to show the five-year historical trend of the percentage of contracts that were completed within 10% of the original contract amount.



The chart and table below show the percentage of construction contracts that were completed within 10% of the original contract amount for each district for fiscal year 2002/03.



Contracts Completed Within 10% of Original Amount
District Detail for FY 2002/03

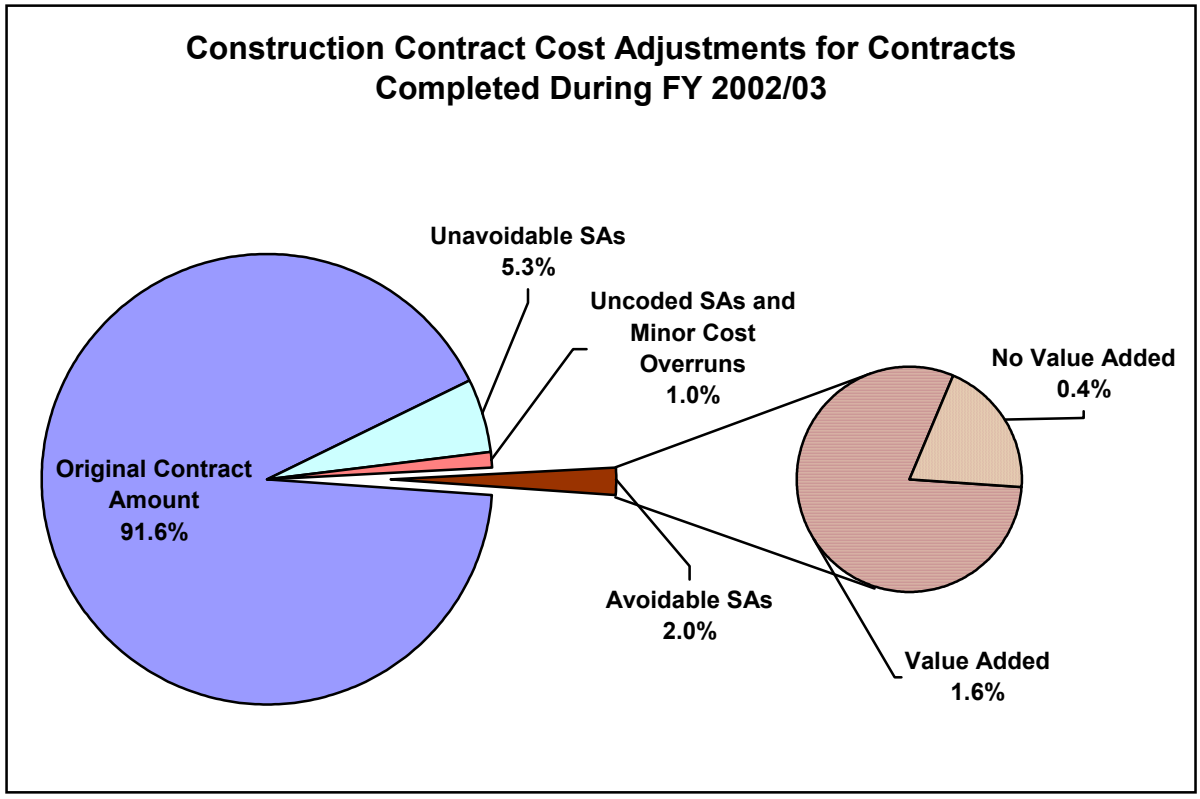
	District							
	1	2	3	4	5	6	7	TPK
# of Contracts	46	90	114	46	59	37	60	23
# Under 10%	34	68	99	34	49	36	49	17
Percent under 10%	73.9%	75.6%	86.8%	73.9%	83.1%	97.3%	81.7%	73.9%

Analysis of Cost Adjustments Due to Supplemental Agreements (SAs)

The Explanatory Data presented below provide insight into the reasons for cost increases that are attributable to supplemental agreements and are used by the Department to target areas for improvement. Supplemental agreements comprise approximately 91 percent of all cost adjustments to construction contracts. Minor cost overruns make up the remaining nine percent. Nearly all supplemental agreements add value to the project because they purchase additional labor and materials that are necessary for the transportation facility to function properly when completed. There are instances, however, when the Department must pay a higher price for additional material quantities authorized by supplemental agreement, and when "delay costs" are incurred. These costs do not add value to the project and should be eliminated, to the extent they can be avoided. Moreover, to the extent these costs were avoidable and responsible parties are identified, the Department should pursue recovery in those cases where the amount subject to recovery makes legal action a cost-effective remedy.

SECONDARY MEASURE: The following chart and tables identify the part of the total final amount paid on completed construction contracts executed in the Central Office that was attributable to supplemental agreements that were avoidable (should have been foreseen). That portion is broken down further by the amount of supplemental agreements that added value to the project and the amount that did not add value and can be presumed to be "wasted" money. **(Note: Supplemental agreement reason code data is not yet available on construction contracts executed in the districts. The following analyses only cover supplemental agreements on construction contracts executed in the Central Office.)**

RESULTS: Of the total final amount paid on completed construction contracts during FY 2002/03 of $1,440.8 million, a total of $29.2 million (or 2.0%) was avoidable (should have been foreseen) supplemental agreements. Of the $29.2 million avoidable supplemental agreement amount, $23.4 million (or 1.6%) added value to the projects completed, and $5.8 million (or 0.4%) did not add value to the projects.

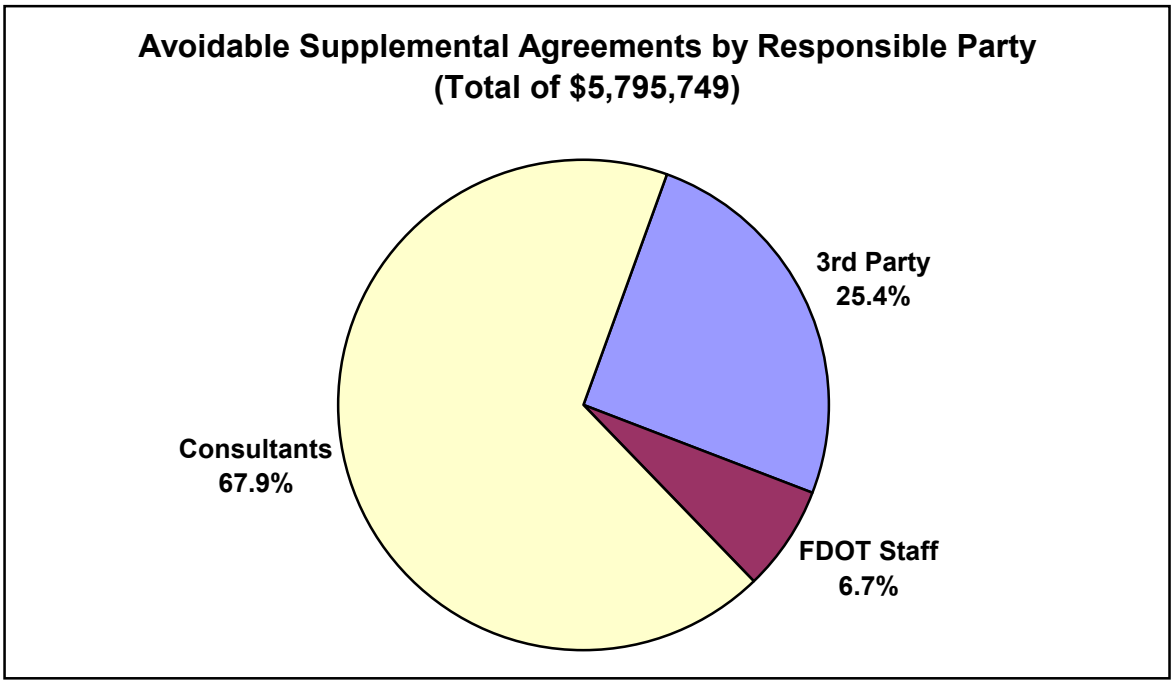


	Amount	%
Original Contract Amount	$1,320,118,398	91.6%
Unavoidable SAs	$76,481,999	5.3%
Avoidable SAs	$29,222,158	2.0%
Uncoded SAs	$3,736	0.0%
Minor Cost Overruns	$14,955,397	1.0%
Total Final Amount Paid	$1,440,781,688	100.0%

Avoidable SAs		
Value Added	$23,426,409	1.6%
No Value Added	$5,795,749	0.4%
Total	$29,222,158	2.0%

The chart on the previous page and the two tables above indicate that of the total amount paid for construction contracts, including supplemental agreements and minor cost overruns, in FY 2002/03, $5,795,749 (or 0.4%) of that amount went to pay for supplemental agreements that did not add any value to projects and can be considered money that was wasted. The Department should focus on these supplemental agreements to identify areas of improvement.

The next chart and graph identify the party responsible for the supplemental agreements that were avoidable and did not add any value to the project; those dollars that can be considered to be "wasted."



Responsible Party	Amount	%
3rd Party	$1,472,279	25.40%
Consultants	$3,934,887	67.89%
FDOT Staff	$388,583	6.70%
Total Avoidable SA Amount	$5,795,749	100.00%

Note: 3rd Party refers to local governments and utility companies.

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4. Cost-Efficient and Effective Business Practices: Finance and Administration

4a. Commitment of Federal Funds
4b. Management of Administrative Costs
4c. Cash Management

The Department of Transportation is the only state agency that operates on a "cash flow" basis. That is, for most transportation projects in Florida, the Department begins design and construction before the total amount of cash is available to fund the project. The Department anticipates that future revenues will be available to finance current projects in much the same way that a family anticipates future earnings to pay for a mortgage. Other Florida agencies require the entire contract amount to be on hand in the same year work begins. The method used by Florida's transportation agency requires an effective and timely forecasting process to calculate future revenues.

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4a. COMMITMENT OF FEDERAL FUNDS

BACKGROUND: Federal motor fuel taxes paid by Floridians and visitors are deposited in the Federal Highway Trust Fund, and a portion of the total tax amount deposited is returned to Florida as federal funds to be matched by state revenues and used for transportation purposes (e.g., the matching share for interstate highway construction is 80% federal funds, 20% state funds).

Today, federal funds comprise about 30% of Florida's total transportation revenues and, thus, play an important role in the State's ability to meet transportation needs. With few exceptions, the Department is responsible for ensuring that all available federal funds are committed to qualifying projects in a timely manner and that all federal requirements are met.

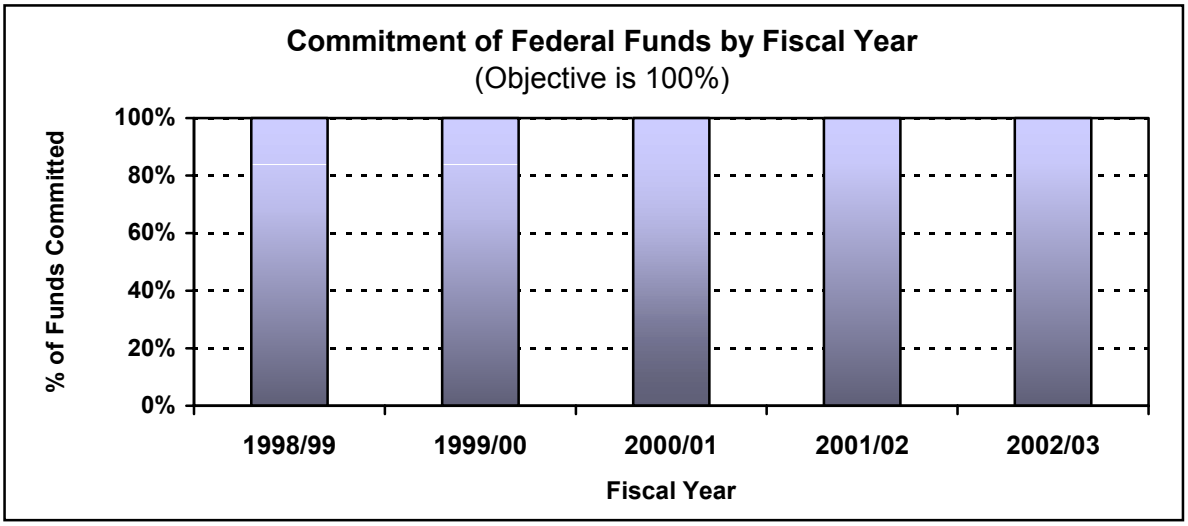
PURPOSE: Federal funding must be committed to projects within a specified time period, otherwise, unused funds are forfeited, pooled, and "redistributed" to states that have exhausted their federal funds and have the ability to use additional funds. With transportation needs that far exceed available revenues, it is imperative that the Department manages federal funds in such a manner as to avoid forfeiture.

PRIMARY MEASURE: Of the federal funds that are subject to forfeiture at the end of the federal fiscal year, the percent that was committed by the Department.

OBJECTIVE: The Department's objective is to commit 100% of the federal funds that are subject to forfeiture at the end of the federal fiscal year.

METHODOLOGY: This measure assesses how well the Department manages federal funds to avoid forfeiture of such funds. Commitment data is collected from the Department's Financial Planning Office within the Office of Management and Budget.

RESULTS: The Department is on track to commit 100% ($1,128.3 million) of the federal funds subject to forfeiture at federal fiscal year end (September 30, 2003) if not committed. The Department requested an additional $400.0 million in redistributed federal funds. The Department received $16.1 million out of $432.4 million in redistributed funds.



	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Planned Commitments	$851.0	$1,201.8	$1,281.1	$1,272.4	$1,128.3
Actual Commitments	$851.0	$1,201.8	$1,281.1	$1,272.4	$1,128.3
% of Plan	100.0%	100.0%	100.0%	100.0%	100.0%

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4b. MANAGEMENT OF ADMINISTRATIVE COSTS

BACKGROUND: Administrative Costs include direct support to the production functions of the Department -- top management (Central Office and Districts), legal and audit staff, public information and government liaison staff, comptroller's office, budget staff, personnel and purchasing staff, procurement and minority programs, and commission staffs. Excluded from Administrative Costs are: fixed capital outlay, risk management insurance, transfers to the Departments of Community Affairs and Revenue and Division of Administrative Hearings, refunds, transfers, and legislative relief bills.

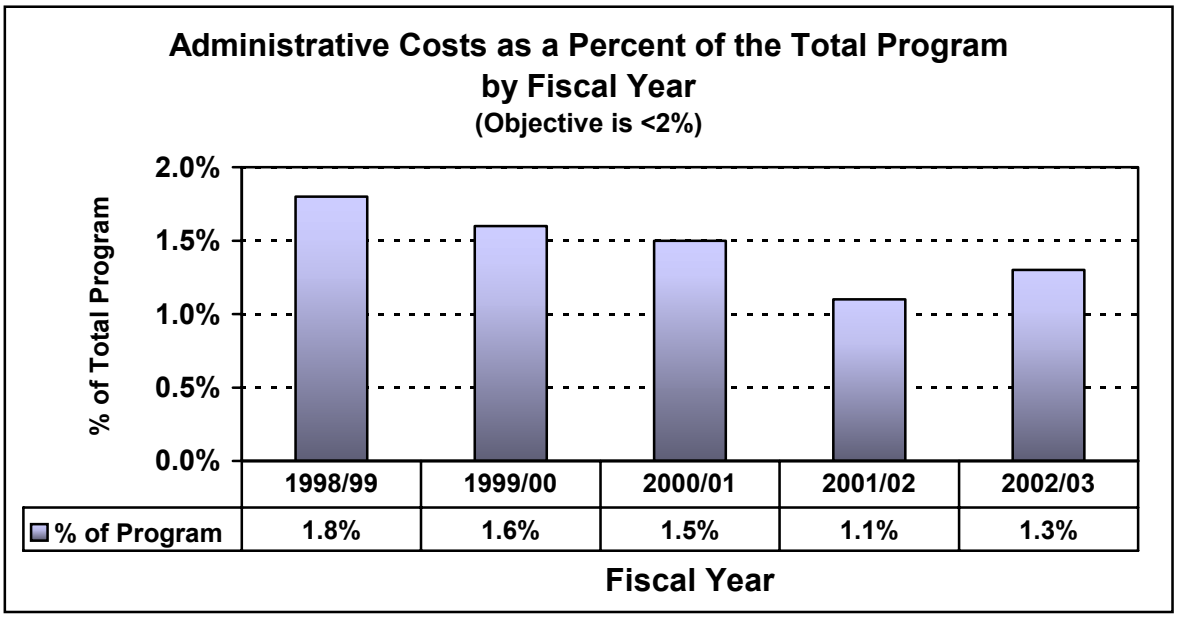
PURPOSE: The Department is one of few state agencies that produce a tangible product -- a transportation system composed of roads, bridges, and other ancillary facilities. The Florida taxpayer, who funds construction and maintenance of the state transportation system, has a legitimate expectation that the Department will strive to maximize tax dollars put into actual transportation product by containing administrative overhead and product support costs to the extent possible. It must be recognized, however, that the Department, as a public agency, is directed by the Legislature to perform many services and activities not required of private sector firms performing similar functions. Thus, a direct comparison of Department overhead costs with those of the private sector is not recommended.

PRIMARY MEASURE: The Department's dollar amount of administrative costs measured as a percent of the dollar amount of the total program.

OBJECTIVE: The Department's objective is to keep administrative costs below two percent of the total program amount.

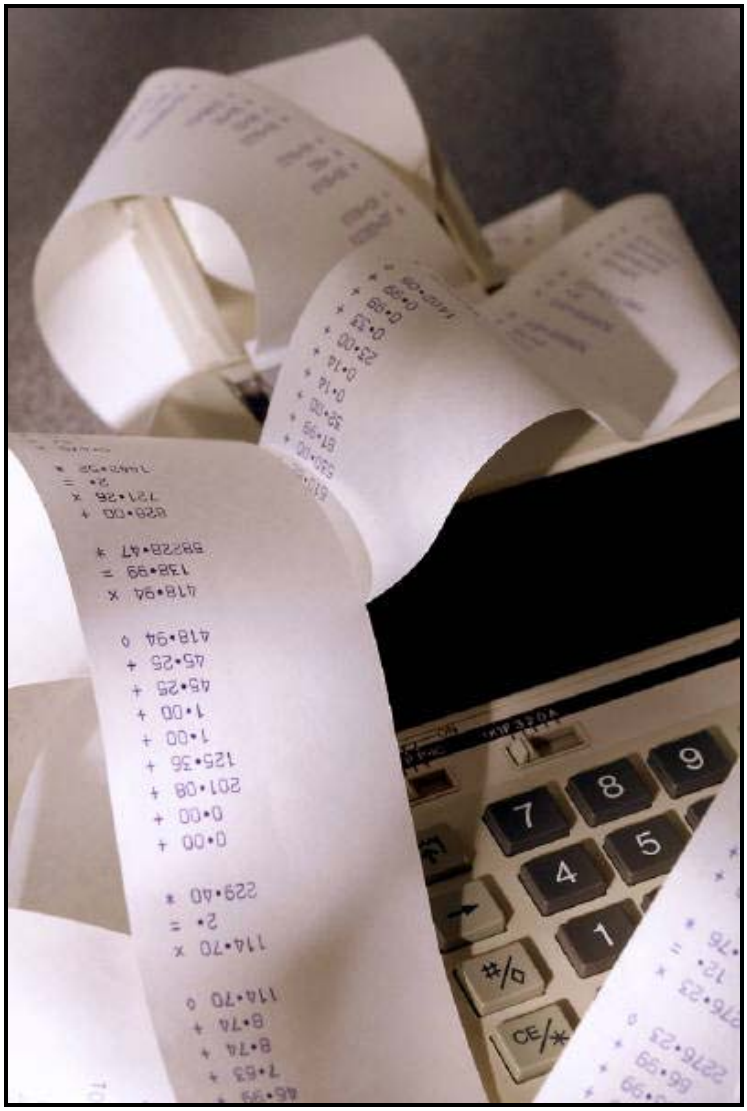
METHODOLOGY: This measure tracks administrative costs as a percent of the total program (product, product support, operations, maintenance, and administration) and by actual dollar amounts. The measure allows evaluators to assess the reasonableness of administrative costs over time, and where increases occur, to review the administrative budget in greater detail. Since the administrative cost percentage will automatically increase or decrease, respectively, when total program size is reduced or increased, absolute dollar amounts must also be reviewed. The Department's Office of Comptroller provides administrative cost data.

RESULTS: Administrative costs were 1.3% of the total program for FY 2002/03, or $60.7 million of a total program of $4.8 billion. Based on actual dollar amounts of administrative costs, there was a 1.2% increase (from $60.0 million to $60.7 million) in administrative costs in FY 2002/03 compared to FY 2001/02.



Five Year Administrative Cost Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Administrative Costs	$65.7	$63.7	$66.9	$60.0	$60.7
Total Program	$3,698.6	$4,021.2	$4,580.6	$5,602.1	$4,800.0
% of Total Program	1.8%	1.6%	1.5%	1.1%	1.3%



4c. CASH MANAGEMENT

BACKGROUND: The Department is the only state agency that operates on a "cash flow" basis. That is, the Department is not required to have funds "on hand" to cover all existing contractual obligations, and it may let contracts against revenue it expects to receive in the future. The advantage of the cash flow method is that transportation tax collections are returned to the taxpayer in the form of transportation facilities much sooner than would be possible using the more traditional "encumbrance" financing method -- under which all funds for a project must be "in the bank" at the time the contractual obligation is incurred.

PURPOSE: State law requires that the Department maintain a minimum cash balance in the State Transportation Trust Fund of 5% of outstanding obligations, or $50 million, whichever is less. In order for the Department to maintain a lawful cash balance and pay its bills promptly under the cash flow method, where contractual obligations far exceed available cash, it must carefully forecast future incoming revenues and future expenditures and frequently revise forecasts based on new information. For instance, when economic factors negatively impact gas tax revenues, the Department must adjust its cash forecast to reflect less incoming revenue, which may, in turn, necessitate deferral of projects in the work program. Periodic fine-tuning of forecasts of revenues and expenditures is essential to sound financial management.

PRIMARY MEASURE: There are three parts to this measure that assess the Department's performance in cash management. Actual cash receipts are compared against forecasted cash receipts, showing the resulting variance. Actual cash disbursements are compared against forecasted cash disbursements, showing the resulting variance. The third part measures the lowest annual cash balance against the total outstanding contractual obligations.

OBJECTIVE: The Department's objective is to maintain a variance within plus or minus 5% of the forecasted amount. However, the closer the variance is to 0% the better the Department's performance in cash management. The Department monitors the cash balance daily and strives to keep it within $200 to $400 million, but this range is just a guideline.

METHODOLOGY: These measures assess the effectiveness of the Department's cash management in maximizing the ability to deliver transportation product as early as possible. Cash receipt and disbursement data is collected from the Department's Office of Comptroller, Financial Management Office and analyzed.

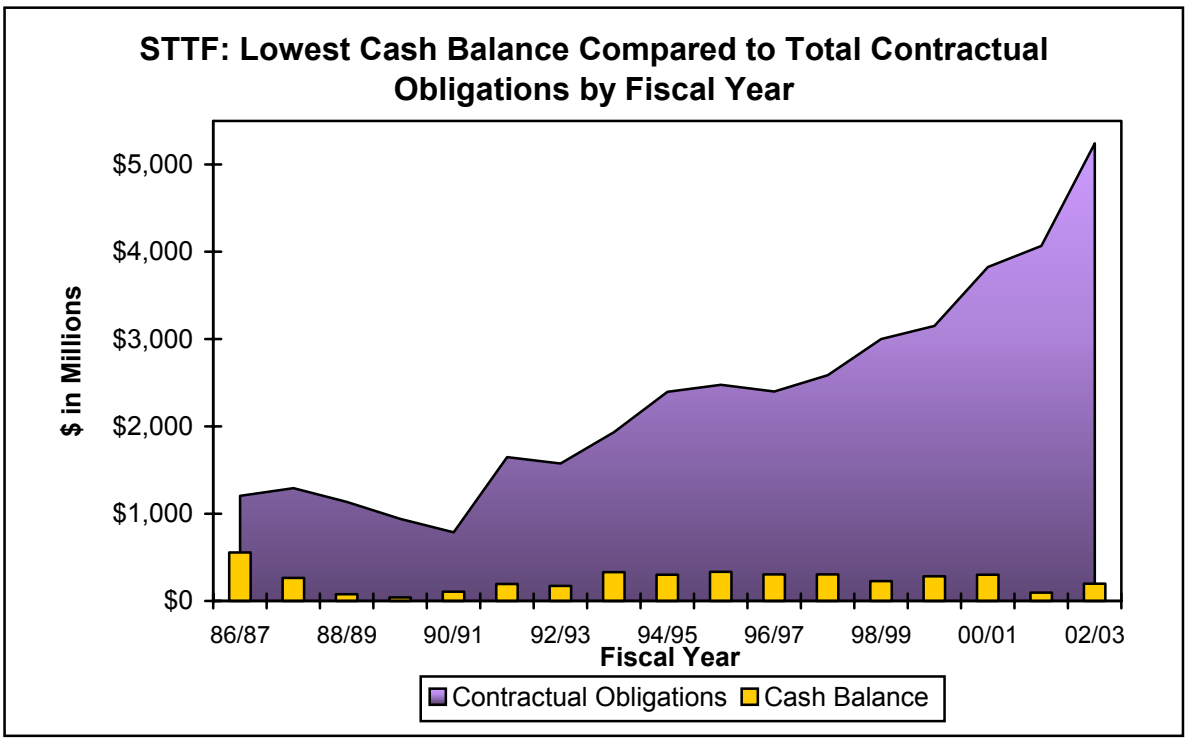
RESULTS: Actual cash receipts of $4,684.5 million for FY 2002/03 were 2.3% higher ($107.1 million) than the Department's August 2002 forecasted receipts of $4,577.4 million. Actual cash disbursements of $4,571.7 million for FY 2002/03 were 0.9% higher ($39.0 million) than the Department's August 2002 forecasted disbursements of $4,532.7 million. For FY 2002/03, the Department's lowest end-of-month cash balance was $199.0 million or 3.8% of its total outstanding contractual obligations of $5,241.7 million.

State Transportation Trust Fund

Cash Receipts	
Forecast of August 2002	$4,577.4
2002/03 Actual	$4,684.5
$ Variance	$107.1
% Variance	2.3%

Cash Disbursements	
Forecast of August 2002	$4,532.7
2002/03 Actual	$4,571.7
$ Variance	$39.0
% Variance	0.9%

Note: Dollars are in millions.



Historical Annual Lowest Cash Balance Compared to Contractual Obligations

Fiscal Year	Lowest Cash Balance ($ in Millions)	Contractual Obligations ($ in Millions)	Cash as % of Obligations
1986/87	$558.0	$1,206.0	46.3%
1987/88	$262.0	$1,295.0	20.2%
1988/89	$77.0	$1,137.0	6.8%
1989/90	$41.0	$940.0	4.4%
1990/91	$105.0	$786.0	13.4%
1991/92	$195.0	$1,649.0	11.8%
1992/93	$171.0	$1,574.0	10.9%
1993/94	$331.0	$1,933.0	17.1%
1994/95	$299.0	$2,397.0	12.5%
1995/96	$332.0	$2,478.0	13.4%
1996/97	$305.0	$2,401.0	12.7%
1997/98	$304.0	$2,588.0	11.7%
1998/99	$226.0	$3,000.0	7.5%
1999/00	$282.4	$3,152.0	9.0%
2000/01	$301.2	$3,824.7	7.9%
2001/02	$94.0	$4,066.0	2.3%
2002/03	$199.0	$5,241.7	3.8%

5. Minority and Disadvantaged Business Programs

5a. Minority Business Enterprise Program
5b. Disadvantaged Business Enterprise Program

The Florida Department of Transportation is dedicated to continued success and improvement in achieving diversity in contracting opportunities in our transportation program. Both state and federal laws address the utilization of socially and economically disadvantaged business enterprises in Department contracts for the construction of transportation facilities. The Department was actively encouraging minority business participation even before the passage of the Minority Business Assistance Act of 1985. With the Governor's One Florida Initiative, emphasis has shifted to tracking total expenditures with minority businesses with the goal of increasing such expenditures annually through aggressive outreach and encouragement. The Department also intends to expend at least seven and one half percent of federal fund receipts with small business concerns owned and controlled by socially and economically disadvantaged individuals. It is the intent of the Department that this expenditure is obtained through a race and gender-neutral program.

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5a. MINORITY BUSINESS ENTERPRISE PROGRAM

BACKGROUND: The current Minority Business Enterprise (MBE) program began with the "Small and Minority Business Assistance Act of 1985." This established state agency goals for the percentage of expenditures with certified MBEs. The goals were set according to industry group: construction, architecture and engineering, commodities, and contractual services. Criteria for certification as an MBE were also detailed. These included ethnic group, business size, and being a Florida business owned by minority Florida residents. There have been refinements over the years, but the essence of the Act is still in place in Chapter 287, F.S. Under the Governor's One Florida Initiative, emphasis has shifted from tracking percentage goals by industry type to tracking total expenditures with MBEs and the increase in such expenditures annually. In addition, One Florida has de-emphasized the use of set asides or price preferences for MBEs in favor of aggressive outreach and encouragement.

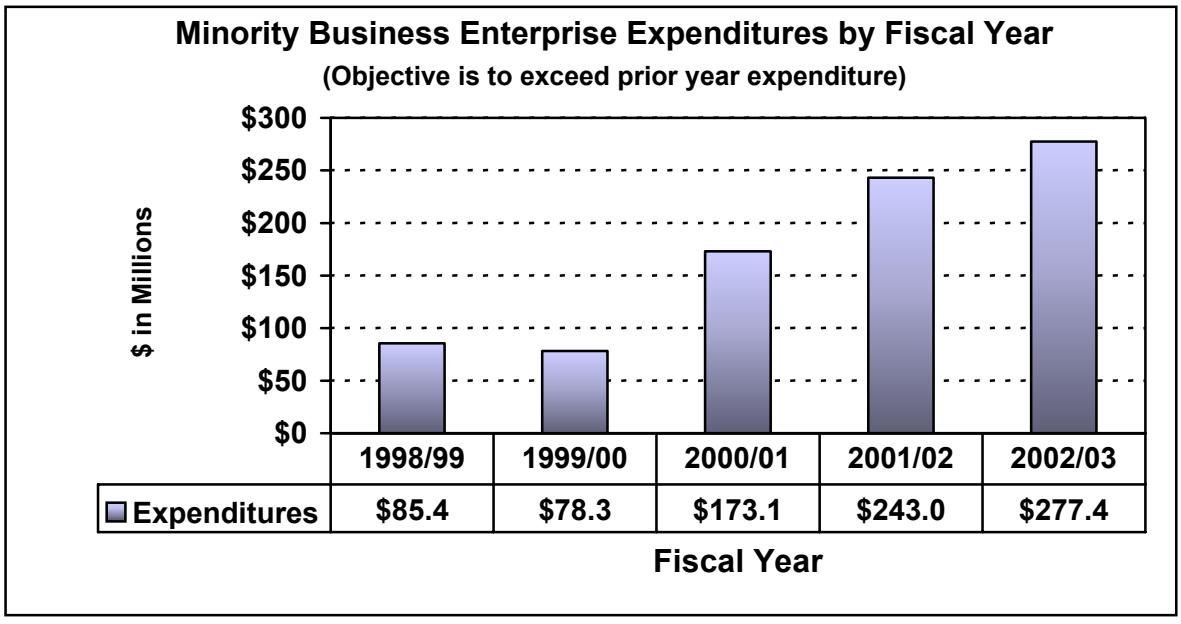
PURPOSE: The Department strives to improve economic opportunities for the state's women and minority owned businesses to ensure that equity in the contracting provisions are carried out.

PRIMARY MEASURE: The annual dollar amount of MBE expenditures measured against the previous year's annual dollar amount of MBE expenditures.

OBJECTIVE: The Department's objective is based on exceeding the prior year's actual MBE expenditure.

METHODOLOGY: The Program Support Unit of the Department's Procurement Office is responsible for coordinating the Minority Business Enterprise program. This Unit tracks MBE expenditures on a continuing basis and reports the results monthly.

RESULTS: The Department met its objective for utilization of MBEs having exceeded last year's MBE expenditure level of $243.0 million by $34.4 million, or 14.2% more than last year.



Five Year Statewide Minority Business Enterprise Expenditure Data

	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
$ Goal	$79,737,884	$85,398,751	$78,313,603	$173,064,642	$243,011,412
Actual	$85,398,751	$78,313,603	$173,064,642	$243,011,412	$277,412,951
% over objective	7.1%	-8.3%	121.0%	40.4%	14.2%

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5b. DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

BACKGROUND: Under new federal guidance, the Department initiated on January 1, 2000 a race and gender-neutral Disadvantaged Business Enterprise (DBE) program for all consultant and construction contracts, which are in part funded with federal aid. This program is based on demonstrable evidence of local market conditions and availability of DBEs. The definition of DBE is different from MBE mainly in firm size and the requirement for being based in Florida.

PURPOSE: Both Federal and State laws address utilization of socially and economically disadvantaged business enterprises in Department contracts for the construction of transportation facilities. The Department ensures that DBEs have an equal opportunity to receive and participate in these contracts.

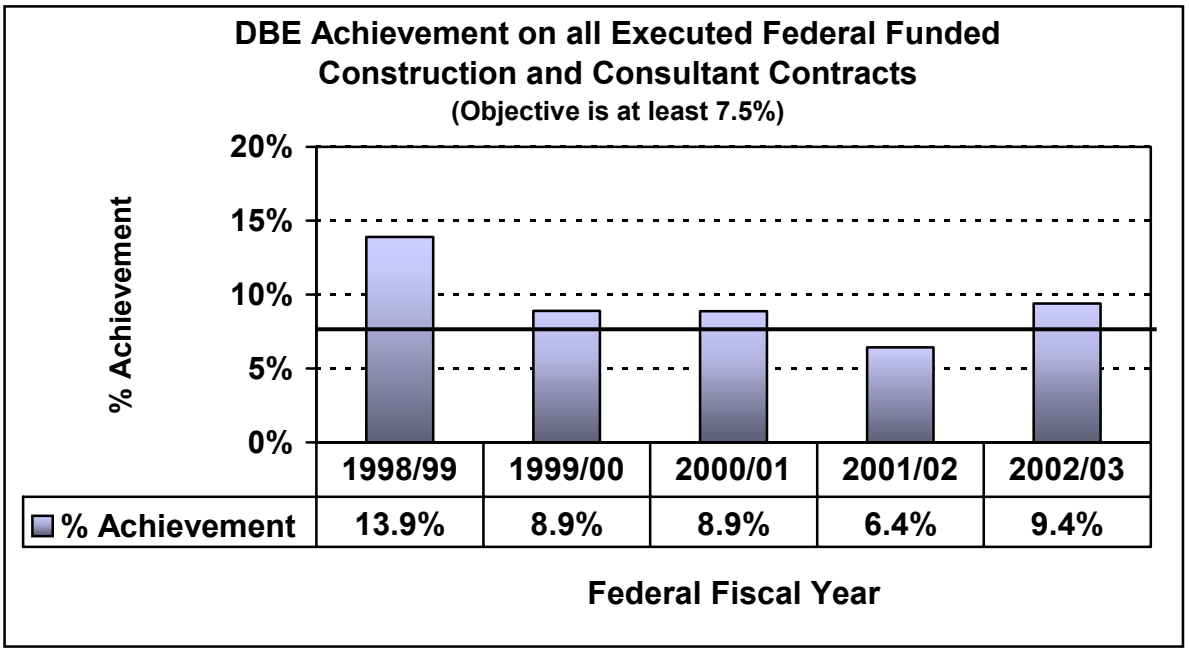
SECONDARY MEASURE**:** The dollar volume of Disadvantaged Business Enterprise participation as a percentage of total federal funded construction and consultant contract amount.

OBJECTIVE: The Department has set a goal of seven and one half percent participation for all consultant and construction contracts, partially funded with federal aid. The Department applies this same standard to 100 percent state funded contracts.

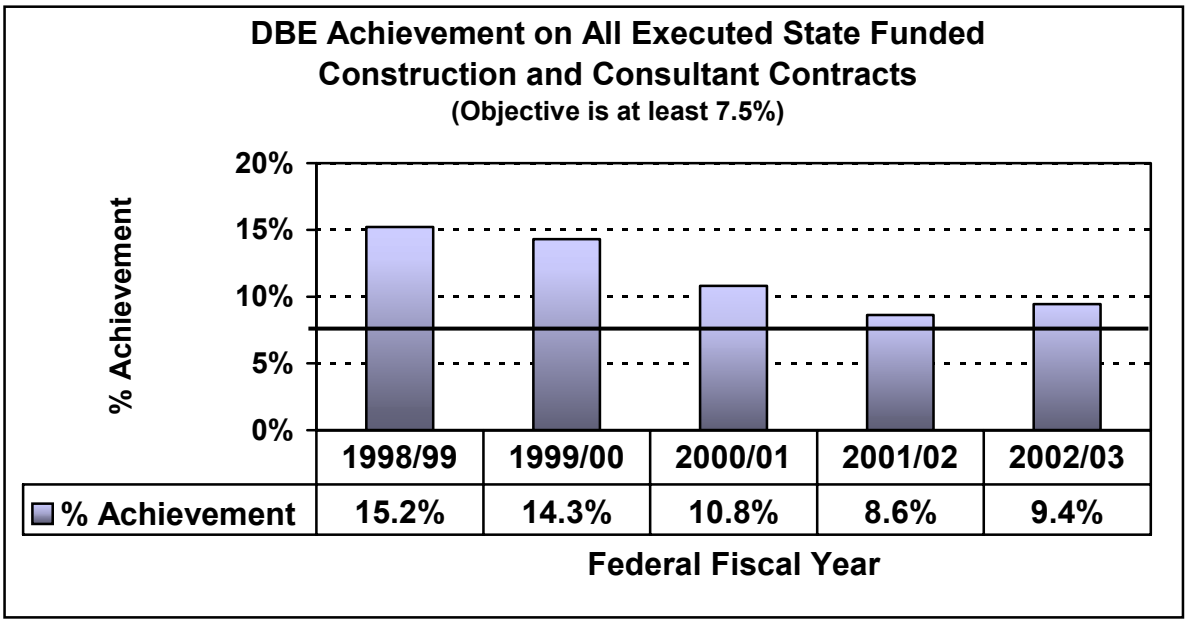
METHODOLOGY: The Department's Equal Opportunity Office is responsible for tracking disadvantaged business program data. Data is submitted by contractors illustrating their level of commitment to using disadvantaged businesses on each project. The data is then compiled and reported. Note: Since the DBE program is a federal program, results are presented by federal fiscal year (FFY), which begins October 1st and ends September 30th of each year. The charts below include data through July 31, 2003.

RESULTS: For all construction and consultant contracts financed in part by federal funds, DBE participation is 9.4%, surpassing the 7.5% objective through July 31st. For all construction and consultant contracts that are 100% state funded, DBE participation is also 9.4%.

Additional Comments: Through the end of July, the DBE participation rate for all construction and consultant contracts financed in part by federal funds is higher in FFY 2002/03 than it was in FFY 2001/02. The DBE participation rate for all *state* funded construction and consultant contracts also increased this year.



Although it's not a federal requirement, the Department also tracks DBE participation on 100% state funded construction and consultant contracts and uses the same seven and a half percent objective as its goal. The result is presented below.



6. Safety Initiatives

The Department's number one goal is to provide safe transportation for residents, visitors and commerce. According to the *Florida Transportation Plan*, traveling safely is the public's highest expectation from the transportation system. Improved safety requires coordination with many state and local agencies, since the Department has limited control over factors such as driver skill or impairment, presence and use of safety equipment, vehicle condition, local roads and weather conditions. (The state fatal crash data provided in this section is preliminary through July 23, 2003. Concluding data should be available prior to final printing.)

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6a. SAFETY INITIATIVES

BACKGROUND: Although the Department's role in safety of the traveling public is limited to those programs it administers or funds, its safety activities are comprehensive and far reaching. The transportation system component over which the Department exercises most control is the State Highway System. The Department is responsible for designing, constructing and maintaining the approximately 12,000 miles of state roads (an additional 105,641 miles of roads, of which 19,217 miles are unpaved, are the responsibility of cities and counties).

The Department's ability to reduce the number of traffic-related injuries and fatalities is limited by contributing factors over which it has little control (e.g., driver skills or impairment, presence and use of safety equipment, vehicle condition, and weather conditions).

PURPOSE: Safe travel in Florida is the Department's number one goal. There is a defined Safety Program within the Department, but this program alone does not reflect the Department's total commitment to improving safety on the State Highway System. For example, current design standards incorporate safety as a feature.

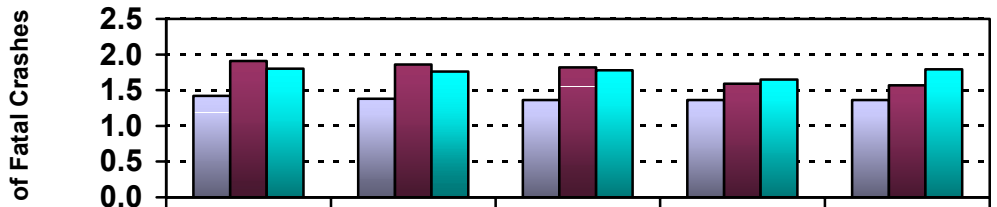
SECONDARY MEASURE: Florida's fatal crash rate per 100 million vehicle miles traveled (VMT) and fatal crash rate per 100 million VMT for the State Highway System only, compared against the national average rate.

OBJECTIVE: It is the Department's objective to reduce the fatal crash rate to a level within 20% of the national rate. [Note: The Commission recognizes the fact that demographics in Florida will most likely prevent the State from ever achieving a fatality rate equal to or below the national rate.]

METHODOLOGY: Fatal crash statistics are compiled by the Department's Safety Office, which it receives from the National Highway Traffic Safety Administration, Florida Department of Highway Safety and Motor Vehicles and its own Crash Analysis Reporting System. This data is collected and compared against the national crash statistics.

RESULTS: Florida's 2002 fatal crash rate for all roads (state, county and city) was 1.57 fatal crashes per 100 million vehicle miles traveled (VMT), approximately 1.3% lower than the rate in 2001. Compared to the 2002 national rate of 1.36 fatal crashes per 100 million VMT, Florida's 2002 rate is 15.4% above the national rate. For the State Highway System only, the 2002 fatal crash rate was 1.79 fatal crashes per 100 million VMT, as compared to 1.65 in 2001. The 2002 State Highway System only rate of 1.79 fatal crashes per 100 million VMT is 31.6% over the national rate of 1.36.

Fatal Crashes Per 100 Million Vehicle Miles
National, Statewide and State Highway System Only

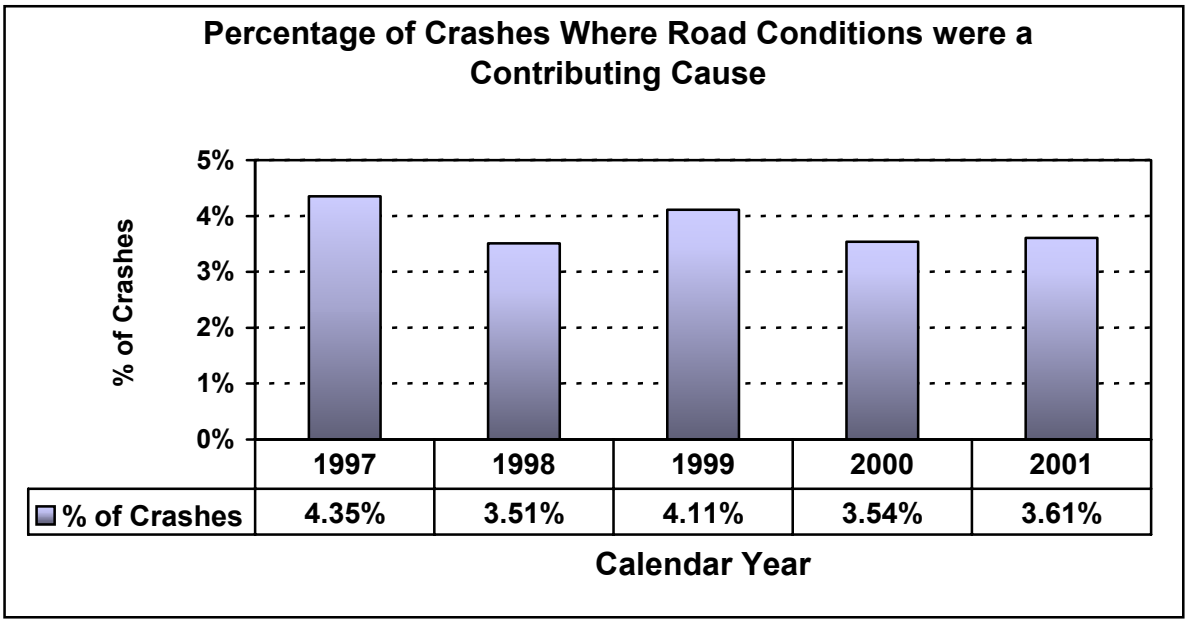


	1998	1999	2000	2001	2002
Nationwide	1.42	1.38	1.36	1.36	1.36
FL: All Roads	1.91	1.86	1.82	1.59	1.57
FL: SHS Only	1.80	1.76	1.78	1.65	1.79

Calendar Year

SECONDARY MEASURE: The percent of crashes on the State Highway System where road conditions were a contributing cause. It is the Department's objective to keep the percentage of crashes where road conditions were a contributing cause below 1.0 percent.

RESULTS: For 2001, road conditions were a contributing cause in 3.61% of crashes on the State Highway System, up 2.0% from 2000, when road conditions were a contributing cause in 3.54% of crashes.



Highway Safety Grant Program

Certain programs are applicable to any public road in the state, and the Highway Safety Grant Program provides funding for state and local government safety programs in a number of areas relating to engineering, traffic law enforcement, public information and education, and emergency medical services.

The Department is responsible for the administration of the Highway Safety Grant Program, which awards federal grants to state and local agencies for traffic safety specific programs. Through June of 2003, Florida has received approximately $16.7 million and awarded 155 grants for a variety of traffic safety purposes such as speed enforcement, alcohol countermeasures, pedestrian/bicycle safety, motorcycle safety, promotion and enforcement of safety belt and child safety seat usage, and expansion of local Community Traffic Safety Teams. In addition, this program promotes safety through ongoing information and education activities statewide. Florida is expected to receive additional grant funds during this federal fiscal year.

Florida's Community Traffic Safety Team Program

Florida's Community Traffic Safety Teams (CTSTs) are locally based groups of highway safety advocates who address traffic safety problems through a comprehensive, multi-jurisdictional, multi-disciplinary approach. The Teams integrate the efforts of the various disciplines that work in highway safety, including engineering, enforcement, education, and emergency services to address traffic safety problems relating to the driver, the vehicle, and the roadway.

The number of CTSTs in Florida has increased from eight in 1993 to 59 Teams covering 54 counties, through June of 2003. Outreach by FDOT employees, as well as increased local interest in traffic safety, have been primary factors in the expansion of the CTST concept throughout the State. The remaining 13 counties without CTSTs are primarily rural in nature and average less than 225 total

crashes per year. This may be a key reason these communities have not yet considered forming a CTST. The only large urban area without a countywide CTST is Miami-Dade County, which averages over 45,000 crashes and 300 fatalities per year. Due to many factors, Miami-Dade County has chosen to develop smaller CTSTs and currently has four city based teams.

The Department will continue to actively support and promote the CTST program, primarily through the efforts of the seven full time District CTST Coordinators. A current list of the CTSTs is available on the FDOT web site at **www11.myflorida.com/safety/ctst/ctst.htm**, or by contacting the FDOT Safety Office at 850-245-1500.

Based on traffic crash data, the counties with CTSTs cover an area that accounts for approximately 98% of the statewide crashes and 94% of the statewide fatalities. In addition, they encompass 88% of the public roads in Florida and 98% of the State's population.

Pedestrian and Bicycle Program

The Department has continued its efforts in pedestrian and bicyclist safety awareness programs. The Traffic Ed program continues to train elementary education teachers to implement the pedestrian and bicycle safety curriculum. In addition, the Department administers the School Crossing Guard Training and Certification Program statewide.

Through these activities involving all levels of government and the private sector, and by incorporating education, engineering and enforcement strategies, the Department continues to pursue goals of reducing the frequency of crashes and the severity of injuries sustained in those crashes that do occur.

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7. Turnpike Enterprise

7a. Management of Toll Facility Operational Costs
7b. Toll Revenue Variance
7c. SunPass Participation

House Bill 261, passed during the 2002 Florida Legislative Session, changed Florida's Turnpike District into the Turnpike Enterprise. The change allows the Department of Transportation to leverage the financial capabilities of the state's largest revenue producing asset. It also allows the Enterprise to use private-sector best practices to improve the cost-effectiveness and timeliness of project delivery, increase revenues, improve the quality of services to customers, and expand the capability of the Turnpike's capital program. Florida's Turnpike Enterprise will be able to operate like a business, yet at the same time, by remaining a public sector entity, the Enterprise will ensure that Florida's Turnpike will continue to operate in the public interest. Note: With the exception of the Toll Facility Operational Costs measure, the Turnpike Enterprise performance measures are new to the Performance and Production Review this year. Historical data is not available.

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7a. MANAGEMENT OF TOLL FACILITY OPERATIONAL COSTS

BACKGROUND: The collection of tolls on Florida's Turnpike and eight Department owned or operated toll facilities across the state of Florida is the responsibility of the Turnpike Enterprise. By far, the largest and highest revenue-producing toll facility is the Florida Turnpike. Net toll revenues (i.e., gross toll revenue less operating and maintenance expenses) are used to pay debt service on bonds issued for construction or improvement of a facility. When operational costs (e.g., salaries of toll collectors, utilities, building maintenance) to collect tolls increase, there is less toll revenue available for debt service or other purposes.

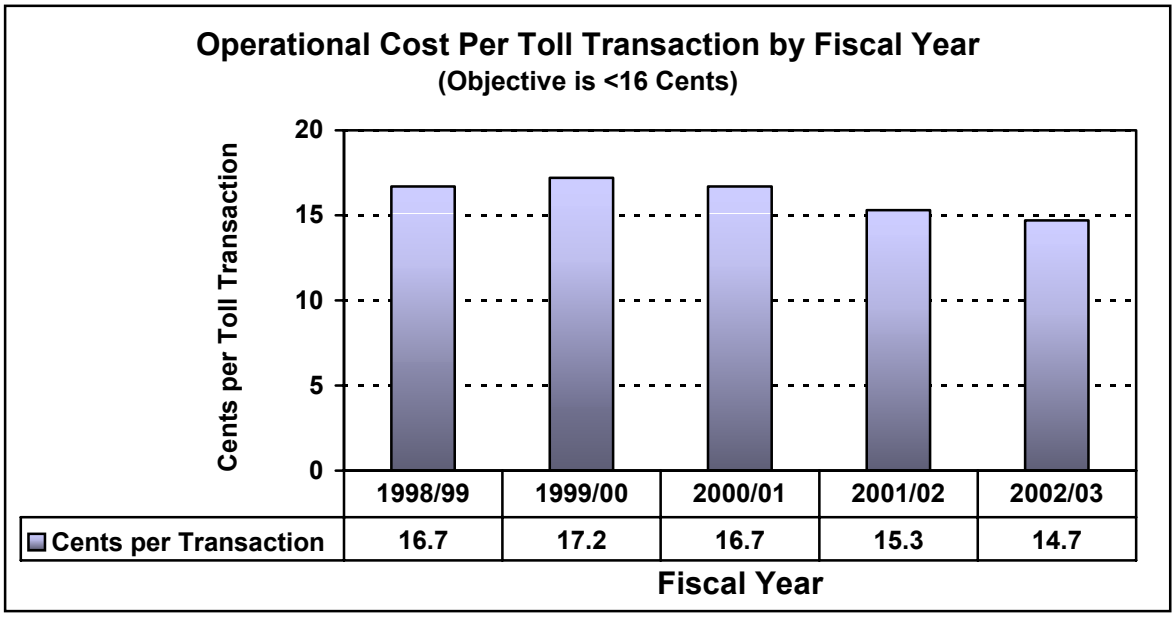
PURPOSE: Tolls are fees paid by facility users who have an expectation that the maximum amount of revenue collected be used to pay off the debt or for other transportation improvements, therefore toll collection costs should be contained and carefully managed.

PRIMARY MEASURE: The average amount of each toll transaction collected from all toll facilities either owned or operated by the Turnpike Enterprise that is dedicated to covering operational costs. (Operational costs per toll transaction.)

OBJECTIVE: The objective of the Turnpike Enterprise is to keep the amount of each toll transaction that is dedicated towards covering the toll operational costs at a level below 16 cents per transaction.

METHODOLOGY: This measure provides the "cost per transaction" by dividing total operational costs (for toll collectors, supervisors, management) by the number of toll transactions from all toll facilities owned or managed by the Turnpike Enterprise. Data is collected from the Turnpike Enterprise, the Office of Comptroller, and the Financial Planning Office. The cost per transaction is monitored over time to provide the basis for measuring improved efficiency. Note: In FY 2002/03, the Turnpike Enterprise added two new categories of costs to its cost of operation. These include credit card fees paid to SunPass banks and certain information technology costs associated with toll collection.

RESULTS: For FY 2002/03, the Department's cost to operate toll facilities was 14.7¢ per toll transaction. The cost to operate toll facilities for FY 2002/03 was 0.6¢ lower per toll transaction than in FY 2001/02 (14.7¢ down from 15.3¢) despite the additional costs now included in the calculation.



Five Year Toll Transaction Data

Operational Costs and $ in millions	Fiscal Year				
	1998/99	1999/00	2000/01	2001/02	2002/03
Operational Costs	$81.3	$90.6	$98.2	$86.3	$91.4
# of Toll Transactions	486.5	527.4	586.3	563.8	620.2
Cost Per Transaction	$0.167	$0.172	$0.167	$0.153	$0.147

Construction work on the Homestead Extension to Florida's Turnpike.

7b. TOLL REVENUE VARIANCE

BACKGROUND: Toll revenues are dictated by the number of vehicles traveling on the road and the amount of toll they pay. The term *indicated revenue* refers to the amount of money that should be collected from all vehicles that utilize a Turnpike Enterprise managed toll facility. Vehicles are counted by automated systems as they pass through a toll plaza using sophisticated technology. However, due to the diverse and complex nature of the toll collection process, *indicated revenue* may sometimes be different than *actual revenue* collected and deposited in the bank. The difference is defined as *revenue variance*.

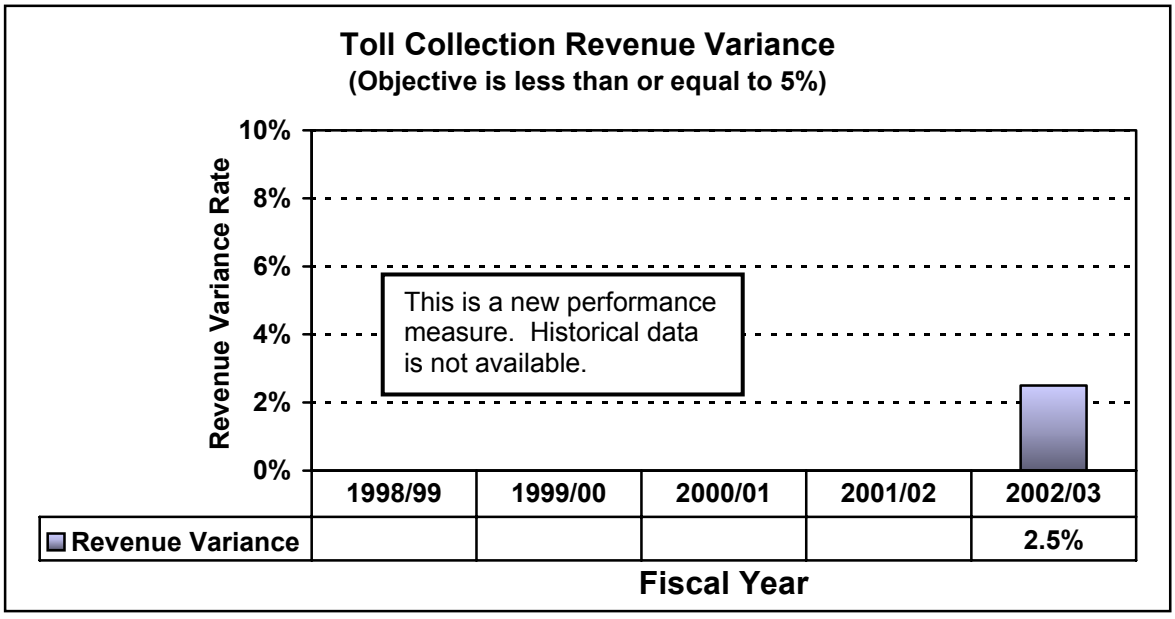
PURPOSE: Revenue loss is a part of every business. The biggest challenge is to control and mitigate such loss using the most efficient and cost effective methods. The toll industry is no exception to this norm. The revenue variance measure provides Turnpike Enterprise management with the opportunity to monitor and reconcile traffic and revenue. Prompt analysis of revenue variance allows management to identify areas of improvements in toll collection to ensure the integrity of revenues and to safeguard bondholder interest.

PRIMARY MEASURE: The revenue variance expressed as a percentage of indicated revenue for all toll facilities owned and managed by the Turnpike Enterprise.

OBJECTIVE: The objective of the Turnpike Enterprise is to keep the average revenue variance from all Turnpike Enterprise managed toll facilities at the lowest possible rate in order to minimize revenue loss (no greater than five percent of the indicated revenue).

METHODOLOGY: Revenue variance is an outcome based measure and addresses the effectiveness of the Turnpike Enterprise in managing revenue loss. During FY 2002/03, the Turnpike Enterprise developed a new computer program to capture and report revenue variance. No complete system-wide reporting structure was available in the past. The accuracy of these reports was then verified by an independent audit firm. These reports will assist managers in promptly identifying and addressing problem areas. The revenue variance is obtained by subtracting the actual revenue collected from the total revenue that should have been collected (indicated revenue). This amount is then divided by the indicated revenue and multiplied by 100.

RESULTS: For FY 2002/03, the average revenue variance for all Turnpike Enterprise managed toll facilities was 2.5 percent. This translates to a collection efficiency rate of 97.5 percent.



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7c. SUNPASS PARTICIPATION

BACKGROUND: SunPass is a statewide prepaid toll program being implemented by the Department of Transportation on most of Florida's toll roads. The innovative system incorporates the latest technology in prepaid toll programs, saving commuters time and money, while creating more efficient, less congested highways. Dedicated SunPass lanes can process up to 1,800 vehicles per hour, about 300 percent more than a manual lane with a toll attendant. A small pocket sized device called a transponder is attached inside the windshield of the vehicle which communicates with special toll plaza antennas. As the vehicle passes through the toll plaza, the equipment electronically deducts the toll charge from the customer's prepaid account.

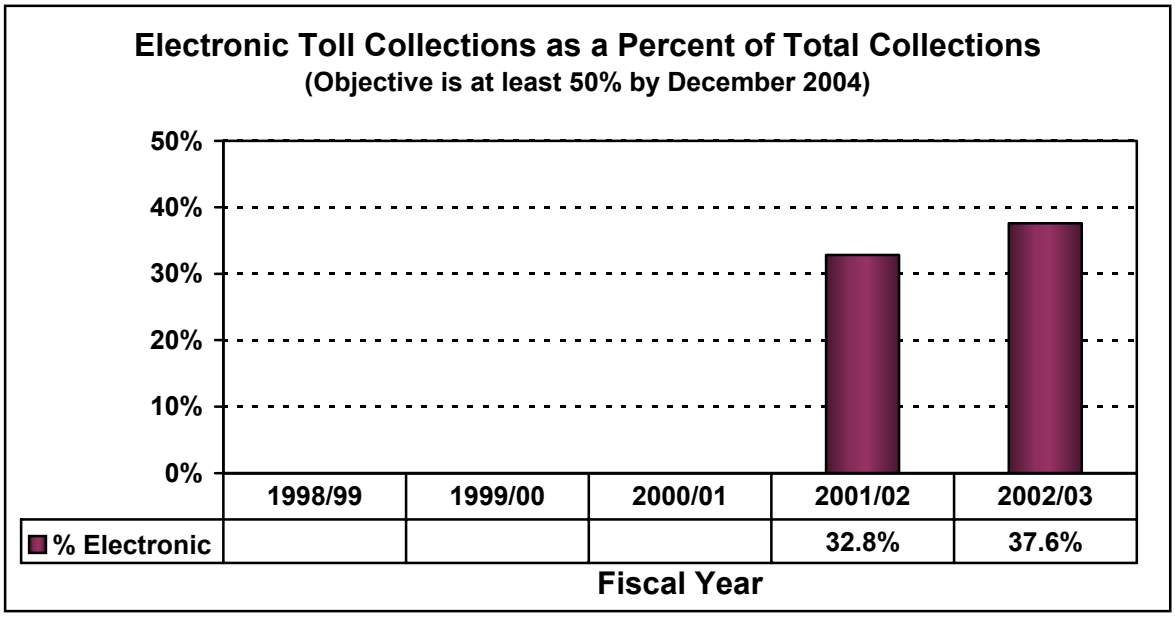
PURPOSE: The success of the Turnpike enterprise will largely depend on continuing advancements in SunPass operations and efforts to increase participation levels. Increasing SunPass usage accomplishes three things: 1) fewer vehicles stop to pay a toll, thereby reducing delays and congestion and improving overall roadway capacity and operations for all customers; 2) improving capacity results in the savings of hundreds of millions of dollars that otherwise would be spent on adding new toll lanes at existing plazas; and 3) the Enterprise will be better positioned for the next generation of toll collection. The future includes scenarios that rely on exclusive use of electronic toll collection.

PRIMARY MEASURE: The number of SunPass transactions expressed as a percentage of the number of total transactions from all Turnpike Enterprise owned or managed facilities.

OBJECTIVE: The objective of the Turnpike Enterprise is to increase the percentage of SunPass transactions from the 25 percent level in June 2001 to at least 50 percent by December of 2004.

METHODOLOGY: The Turnpike Enterprise collects data on the number of toll transactions at each of the toll facilities it owns and manages. SunPass participation data had been collected at SunPass dedicated lanes only until this past year when efforts were initiated to collect this data from mixed use lanes as well. The number of SunPass transactions is divided by the number of total transactions from all Turnpike Enterprise managed facilities to determine the percentage of transactions by SunPass users.

RESULTS: For FY 2002/03, the percentage of all transactions attributed to SunPass usage on all toll facilities either owned by or managed by the Turnpike Enterprise is 37.6 percent.

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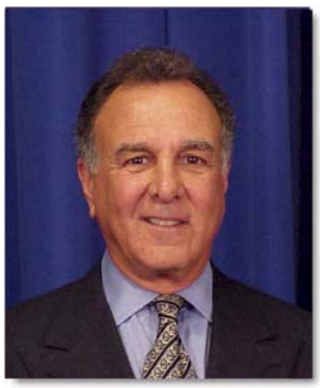

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